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TASHKENT INSTITUTE OF IRRIGATION AND AGRICULTURAL MECHANIZATION ENGINEERS

ENGLISH LANGUAGE DEPARTMENT

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LET`S LEARN ENGLISH FOR ECONOMISTS

COURSE-BOOK FOR THE INTERMEDIATE STUDENTS OF ECONOMICS

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This study-book is prepared for the teaching English for Specific Purposes (ESP) and dedicated to the education system of economics, especially Water Economy in Uzbekistan. It can be useful for the intermediate and advanced levels students of economics, for methodologists and researchers of ESP-teaching.

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MANUAL IS PREPARED ACCORDING TO THE STANDARD CURRICULUM OF TEACHING ENGLISH FOR SPECIFIC PURPOSES RECOMMENDED BY THE MINISTRY OF HIGHER AND SPECIAL SECONDARY EDUCATION OF THE REPUBLIC OF UZBEKISTAN (2016).

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CONTENT

Foreword

Preparation of modern specialists is not only based on teaching fundamental knowledge on their specialty, but also deals with learning foreign languages, i.e. Language for Specific Purposes. It serves for providing students` learning activity and professional upbringing by the way of improving the usage of economy-oriented knowledge in foreign languages in the working procedure effectively.

Today the phenomenon “Language for Specific Purposes (LSP)” (English for Specific Purposes (ESP) or English for Specific Use (ESU); German for Specific Purposes (GSP) has been already recognized and used in the practice of educational process. The Language for Specific Purposes (LSP) is a part of the standard language, but as the standard language is a poly-functional event, the LSP is a mono-functional one. A more specialized language differs from a non-specialized one by greater verbalization accuracy. The most important part of the language for specific purposes is its lexis (specific terminology). It is characterized as a set of terms of the given field of study forming an informative-carrying part of the particular specialized language. One of these above-mentioned directions is English for Specific Purposes, which is valued by lots of advantages.

The role of English for Specific Purposes (Professional Training of English) is increasing day by day in modern pedagogy. This approach of teaching has already come not only to the system of higher and specialized secondary education, but also to the system of after-higher education (PhD-schools and Qualification Courses); it promotes rise of knowing activity of learners with the guiding principle *“Tell me what you need English for and I will tell you the English that you need”*. As in any non-philological institution there is a great demand to learn English for specific purposes in Tashkent Institute of Irrigation and Agricultural Mechanization Engineers. In other words, teaching English for graduates in this institute requires **focusing on students` specialty** and direction, interests and activities; also develop their abilities to demonstrate writing, reading, listening and speaking skills in English. Only specific approach to the learning English can be seen as the main method of teaching English here and placed in parallel with the upbringing of learners` personal and professional skills.

More specifically, there are some courses on ESP in the institute, especially, Practical Course of English for graduates. During this course learners have chances to develop their specific knowledge in English, and improve the level of the language competence in parallel. It is expected that after these activities graduates can show their **communicative competence** not only in various fields of economics and management in the country, but also in international business level**.** Moreover, dealing with more specific material and exercises of the study leads to be informed with the last professional news and the last forms of research constantly, to be able to write scientific papers and present them to public; it prepares future economists to join international teams in various economic projects or lead prestigious economy-based companies with a good language proficiency.

In connection with the actions in the Republic of Uzbekistan last 2010-2019 years on organization of qualitative teaching of English language and retraining EFL teachers there have been conducted original researches on performance of the given problem. Different teaching programs and curricula ("The Practical Course of English"; "EFL Course" etc.), also various course-books and manuals (including specific materials and glossaries, conception and syllabuses) for the students of irrigation and melioration were carried out for realizing the Decree of the President of the Republic of Uzbekistan PD-1875 as of 10 December 2012, "On Measures on Further Improvement of Teaching Foreign Languages" and other reforms in the field of foreign language learning.

Since the adoption of the system-generating decree all the work in this area has been intensified and major reforms in modernization of teaching foreign languages at all levels of continuous education have started and this event obliged ELT, EFL and ESL teachers to create the full program of the given course and to modify its maintenance with the professional work and activity and practical skills of the students, to study and apply new methods of teaching English, and also to think up the best techniques of teaching English for the short time according to the targets set by the Government of the Republic, new state Educational Standards, based on international experience – CEFR (Common European Framework of References). For the convenient performance of the given task, first of all we should interest learners in entertaining exercises and other activities connected with various parameters of training English language, such as working with the specialized texts, text comprehension, and also detailed work with monolingual (English-English) and bilingual (English-Uzbek; English-Russian) dictionaries. All these actions are dedicated to the decision and solving of the given problem in educational system of Water Economy.

Some information about teaching methods of the manual. It is known for today, that modern teaching of English includes in itself three main stages of class-design: Pre- (or Before-); While- (or During-); Post- (After-). Theorists and practitioners redistribute teaching activities according to these stages, it is clear that the tasks and activities will be chosen relatively and will turn into each other due to the organizing methods. We use these techniques in the book to design specialized classes on different themes, such as Microeconomics, Privatization, Entrepreneurship, etc. Each session is structured by Before-, While-, and After-activities. Some of the modern teaching techniques are used for completing each step. For instance, *Working with pictures and predicting following topic* is chosen as Before-reading activity. *Skim reading and scanning* for essential information are chosen for While-reading, doing *True/False* activity is used for improving comprehension as well. Additionally, practicing on *Word definitions and combinations*, i.e. exercise on English Vocabulary and Grammar is applied for strengthening the knowledge on word collocations, combining them together and using in the experience easily. Although During-activities play the main role in class-designing, After-activities are also responsible for enhancing all the learned materials and piloting them in reality respectively. One of these techniques is *Paraphrasing the sentences* with new formulation, for checking students` understanding and vocabulary range. *Writing different types of essays*on specific matters is also chosen for developing analytical comprehension, checking cohesion, lexical resource and grammar accuracy attentively. Overall, all of these methods can be fruitful while organizing English teaching process in ESP-institutions.

As it was mentioned above, English class for specific purposes is organized by Pre-…, While-… and After-… stages and has rich selection of motivating, informative and authentic material to improve speaking, reading, listening and writing skills with variety of activities (steps) which are presented and done in the class in order to practice learners` receptive skills. Additional Dictionary, including essential definitions of specific words is attached as well. Final tests are designed to check students rating, keys to exercises are given for improving self-assessment. These moments supply encouragement of students for continuous learning and personal/professional development. Purposeful topic and other materials are designed so that they intensify students` horizons and range of interests; provide independent, creative and autonomous approach to the professional growth.

It is expected that the best effects of teaching English language for future economists, especially by this book should be reflected in the personal development and professionalism of graduates`, who will be competent with a good language command in the world market and science arenas. They will be active at learning news consistently, studying new forms of research, reading professional literature, writing specialized articles, making presentations, and leading research teams. Furthermore, it is important to mention that all measures and actions of organizing ESP-class are performed for developing students` comprehension, thinking, dialoguing in English strategies and, of course, to reach the best levels of practicing owned knowledge and skills in their further specialized and research activities as modern specialists with independent English communication. Providing economic students with specific knowledge and skills, especially English for Economists will contribute to their further completion and make them professionally capable to work in possible spheres. We hope that this manual will be usefull for performing this task effectively in the educational process.

Authors

1. ECONOMICS

Word differentiation/Collocations/Tenses and auxiliary verbs

Key words and phrases:*economics, scarce resources, goods, inputs, outputs, economic theories, macroeconomics, microeconomics*

1. What is the difference in meaning between the words in the groups 1-5? Use a dictionary to help you.

1. Economics/economy
2. House/housing
3. Goods/resources
4. Market/marketing
5. Producers/costumers

2. Find appropriate words to the definitions a-f from the reading passage below.

a. The system by which a state or community is led
b. Houses and flats as a whole
c. The amount of money for which something is bought or sold
d. Rarely found
e. The desire of consumers for a particular product or service
f. Buying and selling of goods and services

Economics is the study of how society allocates scarce resources and goods. Resources are the inputs that society usesto produce output, called goods. Resources include inputs suchas labor, capital, and land. Goods include products such as food, clothing, and *housing* as well as services such as thoseprovided by doctors, repairmen, and police offices.Theseresources and goods are considered *scarce* because ofsociety'stendency to *demand* more resources and goods thanavailable.

Most resources are scarce, but some are not, forexample, the air we breathe. Its *price* is zero. It is called a freeresource or good.Economics,however, is mainly concerned with scarce resources and goods,as scarcity motivated the studyof how society allocates resources and goods.

The term market refers to any arrangement that allowpeople to *trade* with each other. The term market system refersto the collection of all markets, also to the relationships amongthese markets. The study of the market system, which is subject of economics, is divided into two main theories; they are macroeconomics and microeconomics.

Macroeconomics is the study of the market system on a large scale. Macroeconomicsconsiders the aggregateperformance of all markets in the economy;

1. The household sector, which includes all consumers;
2. The business sector, which includes all firms;
3. The government sector, which includes all government agencies.

Microeconomics is the study of the market system on asmall scale.It considers the individual markets that make up the market system. It is concerned with the choices made by small economic units such as individual consumers, individual firmsand individual *government* agencies.

3. Collocations are words that are found together. Fill in the gaps 1-6with the words a-f. Note how they collocate with the words in italics.

a. general
b. growth
c. policy
d. stability
e. full
f. judgement

An *economic*[1]____________ is a course of action that is intended to influence or control the behavior of the economy. Economic policies are normally implemented and administered by the government. The goals of economic policy consist of *value*[2]_________ about what economic policy should strive to achieve. While there is some disagreement about the appropriate goals of economic policy, there are three widely accepted goals including;

1. *Economic*[3]_________. It means that the incomes of all consumers and firms (after accounting for inflation) are increasing over time.
2. [4]_________*employment*. It means that every member of the labor force who wants to work is able to find work.
3. *Price*[5]_____________. It means to prevent increases in the general price level known as inflation, as well as decreases in the [6]__________*price* level known as deflation.

5. Match a line in A with a short answer in B and a line in C. Pay attention to the tenses of auxiliary verbs.

A	B	C
1. Did you hear about a new course on microeconomics?	No, I`m not.	You should express your understanding in different type of tables, pictures and schemes.
2. Are you doing anything tonight?	No, I didn`t.	Something wrong with my TV-set and I couldn't repair it.
3. Have you seen a new program on modern activities of economists in our country?	Yes, it is.	I read about that in the web-site of our institute.
4. Did you get books for accounting from the library?	Yes, I did.	Unfortunately, somebody has borrowed them already before me.
5. Professor! Is it time to make a presentation on economic policy of Uzbekistan?	No, I haven`t.	Do you think to go round? We would prepare for the presentation.

2.MICROECONOMICS

Comprehension/Word definition/State verbs

Key words and phrases:*labor economics, supply, demand, exports, imports, public finance, welfare economics, value*

1. **Answer the questions.**
- What do you know about interactions of supply and demand?
- What branches of small-scale economics do you know?
- How differs agricultural economics from other fields` economics?

2. **True/False.Do the following statements 1-6 agree with the information given in the text? Put True (T), if the statement agrees with information, put False (F), if the statement contradicts the information, put Not Given (NG), if there is no information in the text.**

1. Microeconomic analysis is considered to be the main principle of different branches of economics.	
2. Considering prices, profits and taxes was traditionally for public finance.	
3. All the subfields of microeconomics relate to the tariffs on import.	
4. People`s wishes to increase their welfare deal with supply and demand.	
5. The process of personal "utility" contributes to the concretisingof their supplies and demands.	
6. Views of suppliers and demanders on value are not the same.	

Microeconomics deals with supply and demand, and withthe way they interact in various markets. Microeconomic analysis lies at the center of most of the recognized subfields of economics. Labor economics, for example, is based largely onthe analysis of the supply and demand for labor of differenttypes. The field of industrial organization deals with thedifferent mechanisms (monopoly, cartels and different types of competitive behavior) by which goods and services are sold.

International economics worries about the demand and supplyof individual traded commodities, as well as of a country'sexports and imports taken as a whole. It also deals with the demand for and supply of foreign exchange. Agricultural economics deals with the demand and supply of agricultural products, and of farmland, farm labor, and the other factors of production involved in agriculture.

Public finance looks at how the government enters the scene. Traditionally, its focus was on taxes, but more recently, publicfinance has reached into the expenditure side as well, attempting toanalyze the costs and benefits of different public programs. Appliedwelfare economics deals with the costs and benefits of just aboutanything – public projects, taxes on commodities, taxes on factorsof production (corporation income taxes, payroll taxes), agricultural programs (like price supports and acreage controls), tariffs on imports, foreign exchange controls, different forms of industrial organization (like monopoly and oligopoly), and various aspects of labor market behavior (like minimum wages, the monopoly power of labor unions, and so on).

At the root of everything is supply and demand. In this market process people try to get the most from what they haveto sell, and to satisfy their desires as much as possible. In other words, people are maximizing their personal "utility," or welfare. This process helps them to decide what they willsupply and what they will demand. The competitive supply price represents value as seen by suppliers, and competitive demand price represents value as seen by demanders.

3.Find the words from the passage to the definitions 1-6.

1. make something needed or wanted available to someone; provide
2. a very firm and forceful request
3. things that are useful and valuable
4. money that must be paid to the state, charged as a proportion of personal income and business profits
5. strongly wanting to be more successful than other people
6. the state of being useful or profitable

4.Write short headings to the paragraphs 1-4.

Paragraph 1

____

Paragraph 2

____

Paragraph 3

____

Paragraph 4

____

5. Correct wrong sentences and explain the reason.

1. I`m wanting to study economics.
2. Are you understanding what I`m saying?
3. I`m really enjoying the course on microeconomics. It`s great.
4. I`m thinking you can become a skilled economist.
5. What are you thinking about today`s economic system?
6. I`m not believing your theory. It doesn't seem reliable.
7. I`m knowing you are not agreeing with me.
8. She is having a lot of money.

3. MARKETING

Word definition/Comprehension/Passive and active forms of the verbs

Key words and phrases:*marketing, marketing mix, four P's, product, price, placement, promotion, target market, marketing strategy, charging*

1. Match the words 1-6 with the pictures a-f.

2. Find the words from the reading passage to the definitions 1-6.

1. A person, object, or place selected as the aim of an attack
2. A plan designed to achieve a particular long-term aim
3. Ask an amount of money as a price
4. The action of putting something in position
5. Seller of goods to the public
6. A trend or development

In modern terms, marketing is defined as the *movement*of goods and services from manufacturer to consumer in order to satisfy the customer and to achieve the company's objectives. It can be considered as dynamic field that involves a wide variety of activities.

The ABC of marketing is the so-called marketing mix. It includes four P's: product, price, placement, and promotion. Product (service) is often connected with development of a new product or service,searching the potential markets, and, finally, introduction it to the market. Target market selection is the most important task for any firm. A *target* market is a group of individuals who will probably buy theproduct. That involves the development of a marketing *strategy*. A successful marketing mix depends on theknowledge about consumers and their buying habits, gained through market research as well as correct identification of the target market.

Price is the most changeable element of all the four P's. Its definition is exchange of something of value for something else. There are three pricing options the company may take: above, with or below the prices its competitor are *charging*. For example, if the average price for blue jeans is $ 50, a company that charges $ 50, has priced with the market, a company that charges $ 47 has priced below the market, and a company that charged $53 has priced above the market. Most companies price with the market, selling their goods and services for average prices established by major producers in the industry known as price leaders.

Placement involves getting the product or service to the customer. This takes place through thechannels of distribution. A common channel of distribution is:

Manufacturer → wholesaler → *retailer*→customer.

Promotion includes all kinds of communication with individuals, groups, or organizations to directly or indirectly facilitate exchange by informing and persuading them to acceptan organization product or service. There are two major ways promotion occurs: through personal selling, as in a store; and through advertising, as in a newspaper. One should distinguishadvertising campaign which can be developed by personnel within the firm or in conjuctions with advertising agencies, and publicity. That is the means of communication transmitted through a mass media at no charge.

3. Do the following statements 1-6 agree with the information given in the text? Put Yes (Y), if the statement agrees with information, put No (N), if the statement contradicts the information, put Not Given (NG), if there is no information in the text.

1. Product is always connected with the recycling of old products.	
2. Product (service) deals with finding the optimal markets and promoting it in them.	
3. Product targets being manufactured only, but not to be introduced in the markets.	
4. A common channel of distribution relates to the manufacturers links.	
5. It is considered that personal selling is much more faster than by advertising.	
6. Satisfaction of both buyers and sellers is important in marketing.	

4. Choose the title for the passage.

____

5. Underline the verbs in passive. Try to change them into active forms.

All marketing activities must be oriented toward creating and sustaining satisfying exchanges. Both the buyer and the seller must be satisfied. The first should be satisfied with goods, services or ideas obtained in the exchange. The seller should receive something of value, usually financial reward. All marketing variables are highly interrelated. Marketing helps companies generate profit, the lifeblood of economy. About half of each concumer dollar is spent on marketing activities.

6. Write an essay on the following topic.

Marketing contributes to get more profit and success to the company. Do you agree or disagree with this idea? Write at least 250 words to express your idea.

4. FREE MARKET

Polisemantic words/Text Comprehension/Present tenses

Key words and phrases:*free market, exchange, tangible commodities, nontangible services, deal, bargaining skills, indirect exchange*

1. **Answer the following questions.**
   - What kind of marketing relations do you have regularly in your daily life?
   - Can you see the free way of marketing in your country? To what extent?
   - Do you think you have bargaining skills?

2. **Work out the meaning of the words in italics 1-3by studying their context in the passage below.**

1. Commodity
a) a raw material or agricultural product that can be bought and sold
b) something that is useful or valuable
c) buyer
2. Authority
a) the power to give orders and enforce obedience
b) a person or organization with official power
c) the form of management
3. Deal
a)fir or pine wood
b) buy and sell a product commercially
c) a particular form of treatment given or received
4.Satisfy
a) please someone by doing or giving them what they want or need
b) meet a demand, desire, or need
c) paying deubt or fulfillment of a duty or claim

Free market is a summary tern for a set of exchanges that take place in society. Each exchange is undertaken as a voluntary agreement between two people or between groups of people represented by agents. These two individuals (or agents)exchange two economic goods, either tangible commodities ornontangible services. Thus, when I buy a newspaper from a newsdealer for fifty cents, the newsdealer and I exchange two *commodities*: I give up fifty cents, and the newsdealer gives up the newspaper. Or if I work for a corporation, I exchange my labor services, in a mutually agreed way, for a monetary salary;here the corporation is represented by a manager (an agent)with the *authority* to hire.

Both parties undertake the exchange because each expectsto gain from it. Also, each will repeat the exchange next time (or refuse to) because his expectation has proved correct (or incorrect) in the recent past. Trade, or exchange, is engaged in precisely because both parties benefit; if they did not expect to gain, they would not agree to the exchange.

How can both parties benefit from an exchange? Each one values the two goods or servicesdifferently, and these differences set the scene for an exchange. I, for example, am walking along with money in my pocket but no newspaper but is anxious to acquire money. And so, finding each other, we strike a *deal*.

Two factors determine the terms of any agreement: how much each participant values each good in question, and each participant's bargaining skills. How many cents will exchange for one newspaper, depends on the participants in the newspaper market – on how much each one values the newspaper as compared to the other goods he could buy. These terms of exchange, called "prices" (of newspapers in terms of money), are ultimately determined by how many newspapers are available on the market in relation to how favorably buyers evaluate these goods. In shorthand, by the interaction of their supply with the demand for them.

The modern market is a highly complex, interacting latticework of exchanges. In primitive societies, exchanges are all barter or direct exchange. But as a society develops, the process of mutual benefit creates a situation in which one or two broadly useful and valuable commodities are chosen on the market as a medium of indirect exchange. This money – commodity, generally but not always gold or silver, is then demanded not only for its own sake, but even more to facilitate a reexchange foranother desired commodity.

3. Choose the title for the passage and explain your choice.

a) History of free market
b) Modern markets
c) Understanding the free market
d) Customers` choices
e) The ways of exchange

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

demanders, consumer, engages, goods, interactions, voluntarily, stage, resources, way, choices, services

The modern market is made possible by the use of money. Each person … in specialization, or a division of labor, producing what he or she is best at. Production begins with natural …, and then various forms of machines and capital goods, until finally; … are sold to the consumer. At each … of production from natural resource to … good, money is … exchanged for capital goods, labor …, and land resources. At each step of the …, terms of exchange, or prices, are determined by the voluntary … of suppliers and… . This market is "free" because, at each step, … are made freely and voluntarily.

5. Put the verbs in the present passive, simple or continuous.

1. `Can I help you?` `I`m being served (serve), thank you.`
2. Any product and price __________ (choose) freely in free market.
3. By healthy economic competition the manufacturers __________ (sell) their products to the consumers.
4. Barter __________ (do) by direct exchange.
5. Prices ___________ (determined) by the choices of customers day by day.

5.CORPORATIONS

Text comprehension/Word definitions/Replacing the words by personal pronouns

Key words and phrases:*corporation, enterprises, arrangement, business capacities, shareholders, managerial authority, insider, outsider*

1. Match the words and phrases with the pictures.

1. signing a contract 2. holding a corporation. 3. Electing directors
4. meeting of directors and shareholders




2.True/False.Do the following statements 1-6 agree with the information given in the text? Put True (T), if the statement agrees with information, put False (F), if the statement contradicts the information, put Not Given (NG), if there is no information in the text.

1. Corporations are commonly considered as the forms of partnerships.	
2. Money is managed by shareholders individually.	
3. The right to elect is given to both shareholders and directors.	
4. Shareholders cannot sell their sharesanywhen they wish.	

Corporations as a form of enterprises arose as analternative to partnerships, limited partnerships, or such rarely used forms as business trust or an unincorporated Joint stock company.

Within the partnership the investors directly manage their own money, rather than entrust that task to others. Partners are “mutual agents” and each is able to sign contracts that are binding on all the others. Such an arrangement is unsuited for strangers or those who are suspicious about each other’sintegrity or business capacities. Hence the transfer of partnership interests is subject to restrictions.

In a corporation, by contrast, the shareholders do not personally manage their money. Instead, a corporation is managed by directors and officers who need not to be investors. Because managerial authority is concentrated in the hands of directors and officers, shares are freely transferable in the hands of directors and officers, shares are freely transferable unless otherwise agreed. They can be sold or given to anyone without placing other investors at the mercy of a new owner's poor judgment. The splitting of management and ownership into distinct functions is the main corporate feature.

Shareholders receive voting rights to elect the board of directors, and the directors, in turn, elect the officers.

When a corporation is created, its officers, directors, and shareholders usually are the same people. They elect themselves or their nominees to the board of directors and then elect themselves as corporate officers. When the corporation later goes public, the founders usually prefer to retain control because they value the additional capital and because they expect to continue to control a majority of votes on the board and thus to direct the company's future policy and growth.

That the board of directors is dominated by "insiders" makes sense. The founders are the first directors; later, their places on the board are filled by the executives that will succeed them. This arrangement does not injure new shareholders. As outside investors they buy shares of common stock because they discover corporations whose record of performance indicates a competent managerial system. They do not want to interfere with it or dismantle it; on the contrary, they willingly entrust their savings to it. They know that the best safeguard for their investments if they become dissatisfied with the company's performance is their ability to sell instantly their shares of a publicly traded corporation.

3. Try to find appropriate words from the text to the definitions below.

a) an owner of shares in a company (noun)
b) choose someone to hold a public position by voting (verb)
c) a group of people who control an organization (noun)
d) having the necessary skill or knowledge to do smth successfully; acceptable and satisfactory (adjective)
e) put smth into someone`s care (verb)

4.Try to find appropriate replacements to the underlined words.

1. …<u>They</u> elect themselves or their nominees to the board of directors and then elect themselves as corporate officers.

a) officersb) directorsc) officers, directors, and shareholders d) shareholders

2. … <u>They</u> can be sold or given to anyone without placing other investors at the mercy of a new owner's poor judgment.

a) corporationsb) sharesc) productsd) rights

3. … <u>They</u> know that the best safeguard for their investments if they become dissatisfied with the company's performance is their ability to sell instantly their shares of a publicly traded corporation.

a) investorsb) directors c) managersd) consumers

5. Prepare a report on the theme "Main corporations in my country".

6.MARKETING MIX AND THE FOUR P'S

Discussion/Word definition/Prepositions

Key words and phrases:*profit, non-profit oganizations, packaging,marketer, market orientation, market-oriented*

1. Answer the following questions:

a) How do you explain the word "marketing"?
b) How marketing functions in your country?
c) Do you think price plays crucial role in marketing? Why?
d) What is promoting of products in your understanding? Which types of promotion are traditional in your country?
e) Why businessmen pay attention to the "place" while leading their businesses?

2. Read the text and choose headings to the paragraphs.

Paragraph 1____
Paragraph 2____
Paragraph 3____
Paragraph 4____

Marketing is the process of planning,designing, pricing,promoting anddistributing ideas, goods and services, in orderto satisfy customer needs, so as to make profit.Companies point out how the special characteristics or features of their products and services possess particular benefits that satisfy the needs ofthe people who buy them. Non-profit oganizations have other social goals such as persuading people not to smoke, or to give money to people in poor countries, but these organizations alsouse the techniques of marketing. In some places, evenorganizatios, such as government departments are starting totalk about, or at least think about their activities in terms of the marketing concept.

The four P's are:**product** – deciding what to sell;**place** – deciding how it will be distributed and where people will buy; **price** – deciding what prices to charge; **promotion** – decidinghow the product will be supported with advertising, special activities, etc. A fifth P which is sometimes added is **packaging**: all thematerials used to protect and present a product before it is sold.

The four P's are a useful summary of the marketing mix,the activities that you have to combine successfully in order tosell. The next four units look at these activities in detail.

To market a product is to make a plan based on thiscombination and put it into action. A marketer issomeone who works in this area. Marketers often talk about market orientation: the fact that everything they do is designed to meet the needs of the market. They may describe themselves as market-driven, market-led or market-oriented.

3. Match the words in column A with the definitions in column B

Advertising	*an advertisement on television or radio*
Ad	*a planned series of advertisement intended to advertise aproduct or service*
Advert	*a person whose profession is advertising*
Advertisement	*an announcement in mass media about a product, event,job vacancy, etc.*
Advertiser	*an informal word meaning an advertisement*
Adman	*the same as ad*
Commercial	*a person or company that pays for a product or serviceto be advertised*
Advertising campaign	*communication intended both to inform and persuade.*

4. Insert necessary prepositions.

1. No providers of goods or services rely only … word-of-mouth advertising.
2. Descriptive advertising is used by small traders selling … the local paper.
3. It is illegal …advertisers to make untrue statements … their goods.
4. The British Code of Advertising Practice exists to protect the consumer … being deceived and misinformed … advertisements.
5. Advertising which invisibly registers information … the viewer's subconscious is called subliminal advertising.
6. Everyone is influences …the adverts …a certain extent.

5.Match the words and phrases 1-6 from the passage in Exercise 2 with the definitions a-f. The words and phrases relating to the topic of economics have been shaded.

1. Services	a. A person who buysa product or service for personal use
2. Theory	b. A course of action adopted or proposed by an organization or person
3. Policy	c. Set of principles
4. Deflation	d. A house and its occupants
5. Consumer	e. Reduction of the general level of prices in an economy
6. Household	f. The action of serving, helping

6.Make a dialogue with your partner on promoting your future business.

7.PRIVATIZATION

Discussion/Word definition/Synonims and Antonims

Key words and phrases:*privatization, owners, state enterprises, water industry private sector, misallocation, stock market*

1. Answer the following questions:

- How do we call the process of transforming of goods and services from governmental sector to the owner`s sector?
- What do you know about the history of privatization?
- How do you value the role of private business and privatization in your country?

2. Read the text and sign True(T) or False(F) or Not given (NG) in the table below.

Privatization is the process by which the production ofgoods or services is removed from the government sector of theeconomy.This can be done either by the public sale of shares in a previously state-owned enterprise, or by the use of private business to do government work under contract.

The leader in this strategy was the Thatcher governmentof Great Britain from 1979 to 1990. Previous governments had tried limited denationalization (the restoration of nationalized enterprises to their previous owners), but with limited success.

Privatization involved totally new owners. In some cases the state enterprises that were "privatized" had never been in the private sector. Because state-owned companies have no profit motive, they have no incentive to produce goods that consumers want, and to do so at low cost. In addition, even if they want to satisfy consumer demands, they have no idea of what consumers want.The result is misallocation of resources. Management responds to political, rather than to commercial pressures. The capital assets of state businesses are often of poor quality because the governments are not interested in the renewal of capital equipment.

Before the British water industry was privatized in 1989, it wasundercapitalized by over $11 billion. As a result the water supply failed to meet European standards for quality and safety. Similarly, the post office had cut back its services. First telegrams disappeared, then Sunday collection, then Saturday second delivery. These changes made life easier for producers at the expense ofservice to consumers. Most serious of all, the losses of state industries consume funds that are needed for private investment.

The British privatization of nearly four dozen major businesses and several hundred small ones was a success. Privatized British industries outperformed the market average once they entered the private sector, and the privatized stocks rose in value faster than the stock market average.

1. Selling shares is the only way of performing privatization.	

2. The formation of privatization refers back to the late 1970s.	
3. The poverty of capital assets deals with unattentiveness and unwillingness of new owners.	
4. Modern companies are more static at privatization	

3. Choose appropriate words to the definitions below.
a) provided by a person or commercial company rather than the state (adj)
b) a required or accepted level of quality or achievement; something used as a measure in order to make comparisons (noun)
c) a person who buys a product or service for personal use (noun)
d) greater or important, main (adj)
e) perform better than… (verb)
f) a distinct part of an economy, society, or field of activity (noun)

4.Choose synonyms and antonyms from the two columns and arrange them in pairs.
a) Synonims:
1) appraise a) evaluate
2) calculate b) investigate
3) appreciate c) trade mark
4) research d) estimate
5) supply e) delivery
6) brand f) compute

b) Antonyms:
1) estimate a) customer
2) a means b) decrease
3) manufacturer c) measure
4) increase d) wholesaler
5) retailer e) instrument

5.Match the definitions of the words
1. privatization a. to give a spoken or written answer to smb/ smth
2. share b. not to be successful in achieving smth
3. denationalizec. to divide smth. between two or more people
4. respond d. the fact of owing smth
5. fail e. not to be owned by the government
6. ownership f. denationalization

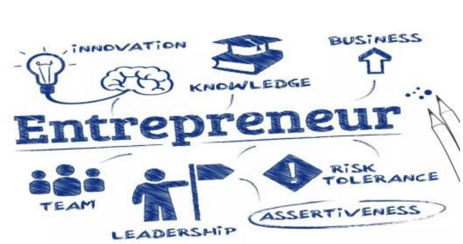
8.ENTREPRENEURSHIP

Approving opinion/Word definition/Tense formation

Key words and phrases: *entrepreneur, risk, key decision, promotion, judgment, social status, personality, culture, life experience, sociability*

1. Look at the pictures and match them with the numbers below.

1) starting entrepreneurship _____ 3) creating new entrepreneurial ideas _____
2) entrepreneurial links ___ 4) business growth _____



2. Answer Agree (A) or Disagree (D) according to the text.

1. The right to determine suitable sale places and resources is not given to an entrepreneur.	
2. All people consider owners have a distrust of their managers.	
3. According to the text, decision-making process makes both owners and managers entrepreneurs.	
4. Critic view of managers is not supported by owners.	

An entrepreneur organizes an enterprise. He also takes therisk of a business inreturn for the profits. He buys the workers'products (their labor services). The workers receive wages in return for their work. An entrepreneur also introduces new products or processes. He identifies markets and sources of supply.

In many cases, owners delegate decisions to managers. Is a salaried manager an entrepreneur, too? Some people think that owners very seldom delegate a key decision to managers, because owners do not trust them. But in practice many subordinates have incentives to maintain the company's well-being because their promotion depends upon it. In this sense,both owners and managers can be entrepreneurs. So, an entrepreneur is either an owner or a manager who shows judgment in decision making. Judgment helps to make successful decisions. An entrepreneur needs judgment to speculate on future price movements, as well as to deal with the novel situations.

The demand for entrepreneurs rises in times of political,social, and environmental change. Supply usually matches demand, so more people give up other careers and become entrepreneurs. They have incentives to do so by the higher expectedrewards, and also by increases in the social status of entrepreneurs.

The supply of entrepreneurs depends also on their personality, culture, and life experience. To identify profitable opportunities the entrepreneur synthesizes information from different sources. A good education and wide-ranging practical experience help the entrepreneur to interpret information. Sociability also helps the entrepreneur to make contact with people he works with – both customers and colleagues.

3. Try to find appropriate words from the text to the definitions below.

a) a person who sets up a business or businesses, taking financial risks in the hope of profit (noun)

b) correspond or fit with smth; be equal to (verb)

c) an occupation that a person undertakes for a substantial period of their life (noun)

d) things that influence or encourage someone to do smth (noun)

e) combine parts into an organized whole (verb)

f) knowledge or skill gained over time (noun)

g) being friendly and welcoming (noun)

4. Complete the sentences using the verbs in the brackets.

1. If a company's financial health … good and its assets … sufficient, its capital … . (be, raise)
2. If the market … to buy the issue at a minimum price, the banker … them and … the loss. (refuse, take, absorb)
3. If profits …, the owners of preferred stock … dividends before those with common stock. (be/limit, pay)
4. If money … scarce, interest rates … to rise because those seeking loans will be competing for fund. (be, tend)
5. If plenty of money … available for loans, the rate … to move download. (be, tend)
6. If the debt-equity mix … too out of balance, the firm … bankrupt. (be, go)
7. If he … employees or creditors on time, he … into bankruptcy. (can/not/pay, be/force)
8. If his assets … in doubt, it … difficult for him to obtain large sums of credit. (be, be)

10. If too much money … available, its value … . (be, decrease)

5. Write an essay on the following topic.

It is considered that everyone should have even small entrepreneurship besides his main job in order to supply his life wellfare.

Do you agree or disagree with this idea? Write your answer basing on relevant examples.

9.EDUCATING TOMORROW'S ENTREPRENEURS

Discussing specific matters/Word definition/Special questions

Key words and phrases:*debate, innovation, industry awareness, business managament, new venture creation, reappraise*

1. Answer the following questions.

1) How do you evaluate the role of entrepreneurship in the organization of economic system in your country?
2) Do you think business is not a static occupation nowadays? What to do for doing it more continual?
3) Which business companies or modern entrepreneurs in your country can be considered samples of successful business activities? Give relevant examples.

2. How do you evaluate these statements in your understanding? Sign True (T) or False(F) and prove your ideas with relevant examples.

1. Something that is economical requires a lot of money to operate.	
2. Microeconomics is a branch of economics that studies such variables as unemployment, growth of economy, national incomes, money supply, monetary policy.	
3. Opportunity cost is your limited income.	
4. Entrepreneurship is a function of combining and organizing natural resources, capital goods, labour, assuming the risks of business failure, and providing the creativity and managerial skills necessary for production to take place.	

3. Skim the text quickly and try to find appropriate definitions to the given words.

a) an argument (noun)
b) the ability or power to do something (noun)
c) an act or statement that calls something into question (noun)
d) increased the quality, value, or extent of (verb)
e) having knowledge of a situation of fact (noun)
f) discussion aimed at reaching an agreement (noun)
g) assessing something newly and differently (verb)

Over the past two decades there has been a growing debate about how welleducation systems prepare young people for adult life in general and "enterprise" in the world ofwork in particular. This debate recognizes the need forsocieties, organizations and individual citizens to improve their capacityto cope with an increasingly competitive, uncertain and complex role involving higher rates of innovation and change.

While the concept of "enterprise" is ambiguous enough to embarace a wide range of educational intiative, including industry awareness, business managament, and new venture creation, and the development of personal and social skills, among others, there is an increasing awareness of entrepreneurship as a distinct educational challenge that needs to be addressed.

There is a world wide potential to built more entrepreneurial approches around existing schools (colleges or universities). Existing programs that can be "entrepreneuriallyenhanced" include those focused upon:

• creating a much greater economic awareness amongyoung people of all ages;

• creating a wider understanding of industry, business andmanagement;

• development understanding of small business and its management systems;

• introducing the concept of new venture development via simualation exercise in schools to the young people;

• developing transferable skills as communication,presentation, negotiation, problem solving, as well as information technology competence;

• opening gateways to better career planning

• providing work experience for students and teachers; and

• creating business partnerships between schools and colleges and individuals or groups of firms.

The above list underlines the potential role of business in partnering education with entrepreneurship. If it is successful, then care must be taken to find clear concepts and objectives so that the challenges of entrepreneurship education are clearly recognised. There are needs to be new kinds of partnerships between schools and business. Overall, business will need to reappraise its own role in designing new ways of preparing young people for the entrepreneurial challenge of the 21stcentury.

4. Read attentively and make questions to the statements.

Sample: 1. *Which epithets are used for a compensation package?*

It is necessary to know for economists

1. A compensation package for an executive leaving a company is also known as a golden goodbye, golden handshake or golden parachute.

2. Compensation for someone leaving a company may be referred to as a compensation payment,compensation payout, compensation payoff.

3.These payments may from part of a severance package.

4. Severance payments can bethe subject of complex negotiations when an executive leaves, or is ousted: forced to leave

5.When executives are ousted, people may talk about companies giving them the golden boot.

6. When talking about executive pay, compensation can refer,confusingly, to two different things: what top executives get for running a company and what they get on leaving a company.

7. Apart from salary, an executive's compensation packagecan include bonuses(extra payments, sometimes, but not always, related to the firm's performance) and benefits and perks (ranging from share options, the right to buy the company's shares at an advantageous price, to a chauffeur-driven car).

8.Remuneration is also used to talk about executives'salary and benefits.

10. COMPETITION

Comprehension/Word definition/Synonims

Key words and phrases: *competition, "clear the market", compete, revenue, rivals, outbid, two-sided competition, market-clearing price*

1. Discuss the pictures with your partner.

2. Read the text and try to answer True (T), False (F) or Not given (NG).

1. Competition results in all successful deeds in economy.	
2. If bakers change the price, customers will decide not to change their choice.	
3. Consumers will buy pies or butter instead of bread in our country.	
4. The willingness of customers play crucial role in determining the price.	

Competition permeates economic life. Prices, wages, methods of production, types and quantities of products, the size and organization of business firms, the distribution of resources, and people's incomes – all result from competitive processes.

Consider market prices for consumer goods. The baker has on hand a stock of bread, a valuable good for which consumers are willing to compete by offering the baker a price.

The baker wants to get the highest price possible, but he is constrained. If he sets his price too high, customers will not buy all that the baker has produced. They will buy from another baker, or they will buy pizza or potatoes instead. So the baker sets a price that he thinks will "clear the market". That price is determined by the willingness of customers to compete for his product, and by the willingness of rivals to compete for his customers.

An identical process occurs with producer goods. A steel plant has on hand a supply of steel, for which automobile companies, appliance makers, and equipment manufacturers are competing. The firm wants to get as much revenue as it can, taking into account the willingness of its customers to pay and the threat of lower offers from its rivals. The customers want to pay as little as possible, taking into account that rival customers may outbid them. This two-sided competition will again set a price that "clears the market". The market-clearing price represents the lowest price that buyers of steel must pay, and the highest price that sellers of steel can receive, each without being outbid by rivals.

3. Answer the Questions:

1. What results from competitive processes?
2. How do consumers compete for the baker's good?
3. What price does the baker want to get?
4. What will happen if the baker sets his price too high?
5. Who competes for steel?
6. What does the firm take into account?
7. How much is the customer willing to pay?
8. What is the market-clearing price?

4. Choose appropriate words from the text to the definitions below.

a) exactly alike, the same (adj)
b) a device designed to perform a specific task (noun)
c) the income received by an organization (noun)
d) the possibility of trouble or danger (noun)
e) bid more for something than someone else (verb)
f) a person or thing competing with another for the same thing (noun)

5. Give the synonyms of the words.

Competition – __________; wage – ___________; method – ____________; to organize – ____________; to distribute – ______________; income – _____________; consumer – ____________; result – ____________; to offer – _____________; to produce – _______________; to will – ____________; rival – _____________; goods producer – _____________; revenue – ___________; to take into account – _________________; possible – _____________; represent – ___________; evaluation – ______________.

6. Fill in the gaps with the words from the box.

quality, Third, structure, structure, sells, information, large, enter, product

Conditions of Perfect Competition

Four characteristics or conditions must be present for a perfectly competitive market … to exit. First, there must be many firms in the ..., non of which is … in terms of its sales. Second, firms should beable to … and exit the market easily. …, each firm in the market produces and … a nondifferentiated or homogeneous … . Fourth, all firms and consumers in the market have complete … about prices, product …, and product techniques.

ADDITIONAL VOCABULARY

A

ability-to-pay principle: principle that states taxes ought to be paid by those who can best afford them.
absolute advantage: occurs when one nation canproduce an item more efficiently than another.
accounts payable: the amount a company owes for goods already received.Not unlike a person's credit card balance; you've got the video cassette recorder (VCR), but you haven't taken the money out of the bank yet.
accounts receivable: the amount a company is owed for goods it sold on creditaccrual method of accounting: used for most corporatefinancialstatements. Revenues are counted during the time they're earned, and expenses are counted during the time they're incurred. Cash doesn't need to change hands to be recorded. This is a fuller way of looking at financial health. It's as if you kept records not just of checks you'd written and deposits you made, but also of what you owed on your credit cards and what you were owed by others. You can feel pretty rich if your checking account is flush, but if you owe thousands on your credit card and don't take that into account, you can spend yourself into trouble.
advertisement:a public notice usu. printed in a newspaper, of goods for sale or services offered; or of goods or services wanted.
aggregate demand: total planned spending by consumers, business and government to purchase the aggregate supply.
aggregate supply: all the goods and services provided by the economy.
allowance for bad debt: the amount of debt a company expects not to collect.This is subtracted from what the company is owed for goods it sold on credit (accountsreceivable), so the balance sheet better reflects the company'strue economic health.
annual percentage rate (APR): the APR is the percentage cost of credit calculated on an annual basis.
annual report: report to stockholders containing pertinent financial information.
antitrust laws: laws regulating the growth and use of monopolistic power or tendencies.
application: a letter of an employee asking for employment.
appointment: an office for which a person has been chosen.
arbitration: one method of settling disputes, including union-employerbattles. The parties choose a third party to settle their disagreement. This is called binding arbitration when the parties also agree to abide by the arbitrator's decision.
assembly line: a manufacturing system in which parts are assembled bymoving them from one worker or machine to another.
assets: things (something of value) a company controls, which usually means it owns these items. A car company's assets would include everything from computersused by the accounting department to cars not yet sold, to the factory

where the autos are made. Items must have value and must have been obtained for a measurable cost; broken computers that can't be repaired don't count, nor does a company's reputation.
automatic stabilizers: features built into the economy that put money into the economy during periods of recession and take money out during periods of inflation.
automatic teller machine (ATM): the machine that let you do your bankingwithout dealing with a person. At ATMs, you can take cash from your account, make deposits and move money between accounts. All you need is a password you key in and an access card.

B

back: to support someone or something, especiallywith money, power, or influence.
balance of payments: summary of the flow of international transactions;statement of payments made to all other countries and payments received from all other countries.
balance of trade: the difference between the export and import of merchandise (an accounting of a country's exports versus imports).
balance sheet: a reckoning of a company's financial health at a given time. Lists assets, liabilities and equities,financial statement summarizing a firm's assets, liabilities and net worth.
balanced budget: financial plan in which expensesexactly equal income.
bandwagon advertising: an appeal that suggestseverybody is using a particular product.
bank: financial institution that accepts demand deposits and makes commercial loans.
bank charter: official government document allowing the establishment of a bank.
bankruptcy: a word you don't want to hear if a company or person owes you a lotof money. The person or company is considered bankrupt if they're unable to pay their debts. The U.S. Bankruptcy Court tries to sort out the financial troubles and get creditors paid. Companies filing for protection under Chapter 7 of the bankruptcy code are shut down and their assets handed over to the creditors. Under Chapter 11, companies try to rework their debts and stay in business
barter: the exchange of one good or service for another, base year: the reference year, with a value of 100, used in the construction of index numbers.
bears: speculators who anticipate a decline in the economy.
benefits-received principle: principle of taxation that states those whobenefit from a government program are the ones who ought to pay for it.
blacklist: list of disapproved persons.
black market: illegal underground economy.

block grants: lump sums given to communities by thefederal government to be spent as the community deems appropriate.
board of directors: a group of people chosen by stockholders to watch over a company and its executives, and to set overall corporate policy. Their job is to try to keep the company healthy and ensure stockholders get a good return on their money.
Board of Governors: governing body of the Federal Reserve System; establishes policies for the Fed. It consists of seven persons appointed by the President for 14-year terms.
bond: a written promise to repay a loan plus interest, usually more than one year after the bond is issued. Investors buy bonds from a company or government entity, essentially loaning the company or government that money. A certificate representing indebtedness, usually of a corporation or unit of government, to the holder.
boom: the peak of the business cycle; business is producing at or near capacity.
boycott: a refusal to do business with a firm involved in a labor dispute.
breakdown: (a) a situation in which a machine or vehicle stops working; (b) analysis; information, separated in different groups, details shown item by item.
break even: to balance costs and receipts.
break-even point: point at which income from sales equals fixed and variable expenses.
brokerage: in the securities industry, the buying and selling of stocks andbonds on behalf of others.
budget: a financial plan that summarizes income and expenditures over aperiod of time.
bulls: speculators who anticipate an increase in the price of securities.
Bureau of Labor Statistics (BLS): the principal data-gathering agency of the federal government.
business cycle: periodic fluctuation in the economy.
business ethics: concern for keeping fair business practices.
business firm: organization that produces goods or services.
business unionism: Samuel Gomper's principle of seeking better wages and working conditions rather than political or social reform.
buying on margin: for those who don't have lots of money, but believe that's what it takes to make a killing on the stock market. Stock buyers purchase stocks with borrowed money, gambling the share price will rise enough to pay off the loan and then some.
bylaws: roles of operation for a corporation, stated in the charter, that govern the corporate officers' actions.

C

call: an option to buy a certain amount of stock at a specific price during a specific time.
capacity: the maximum number of units a firm can produce.
capital: money needed to start or grow a business. This pool can come from securities offerings and retained earnings.
Something created to produce other goods and services; also money used to pay for the operations of a business.
capital budget: shows plans for buying long-term assets – machinery and other things you expect to last several years – and estimates the costs of those purchases.
capital gain: the increase in the value of an asset over a period of time.
capitalism: an economic system based on the private ownership of the factors of production, competition, and the profit motive.
cash flow: money coming into a company and being paid out by the company. Ideally you'd want to take in at least as much as you pay out. On a personal level, you're having a cash flow problem if you can't make your mortgage payments. You're not necessarily poor; your house might be worth a lot if sold, but you're still having cash-flow problems.
caveat emptor: Latin term that means "let the buyer beware".
cease and desist order: federal Trade Commission ruling that orders a stop to an unfair business practice.
CellerAntimerger Act: a law passed by Congress in 1950 that declared mergers to be illegal where they serve to "lessen competition or tend to create a monopoly".
central economic planning: doctrine placing production decisions in the hands of government planners.
centralize: to organize the control of a country or organization so that one central group has power and tells people in other places what to do.
certificates of deposit (CDs): generally considered conservative investments. Certificates issued by banks guaranteeing repayment of principal at a fixed rate of interest after a specified period of time. You purchase the CDs from financial institutions – essentially loaning your money – and they promise to pay you back on a fixed date, usually with interest. You can invest for several months, but longer investments generally earn higher interest.
chambers of commerce: associations of business and professional people that seek to promote the interests of the business community.
charter n: a document issued by a state government granting a corporation permission to operate.
charter v: to say officially that a town, organization, or bank officially exists and has special rights.
checking account: a bank account against which the depositor can write checks.
checks: written orders directing a bank to pay a person or business a specific sum of money.

Clayton Antitrust Act: law passed by Congress in 1914 which specified what acts would be considered "in restraint of trade." This one forbids price discrimination.
closed (or private) corporation: one whose stock is not sold to the public.
closed shop: one in which workers must belong to the union before they can be hired.
closed-end fund: a mutual fund that sells a limited number of shares.
coinage system: the system of metal money used in a country.
collateral: something with monetary value pledged as security for a loan.
collective bargaining: the process by which labor leaders and management iron out agreements on pay and working conditions (negotiations with management by a union to prepare a labor contract).
command economy: an economic system in which major decisions concerning the allocation of resources are made by agencies of the government.
commercial paper: short-term note issued by a corporation promising to repay a sum of money at a specified rate of interest. Short-term unsecured debt, with maturity up to 270 days. Banks, corporations and others raise money by issuing commercial paper to investors.
commission broker: a person who does the trades for a stock broker's clients, receiving a commission for the work. The stock broker places orders with them.
common stock: a security that represents ownership in a corporation. Regular old stock. Owners of this bottom rung of stocks have a piece of the company and get to vote for the board of directors and on corporate policy. But they have to queue up behind owners of preferred stock both to receive dividends and usually to receive assets if a company is liquidated.
company union: union organized, financed and controlled by management.
comparative advantage: an advantage in producing an item because one's opportunity cost to produce it is lower than another's.
competition: the rivalry among buyers and among sellers in the purchase and sale of resources and products.
compound interest: interest computed on the principal and on the interest previously paid.
conciliation: effort by a third party to bring labor and management together to work out their differences on their own.
conglomerate merger: combination of unrelated businesses under a single management.
conspicuous consumption: Thorstein Veblen's term for the tendency to buy goods and services to impress others.
constant dollars: dollars that reflect changes in purchasing power from a base year.
consumer co-ops: retail businesses owned by members who share in the profits and/or purchase goods and services at lower cost.
consumer credit: an agreement whereby a consumer is provided cash, goods or services now with payment spread into the future.

consumer price index (CPI): compares present prices of commonly purchased goods and services to the prices of similar goods and services in a base year. Measures price changes of common goods and services, including such things as housing and food. What you quote when you're trying to convince your boss you need a raise to keep up with inflation.

consumer: anyone who uses goods and/or services.

contraction: period in the business cycle after a boom when businesses begin to reduce their spending levels.

cooperative (co-op): association of individuals or companies whose purpose is to perform some business function for its members.

copyright: exclusive right of authors of original writing and artistic work to sell or in any way reproduce their works for their lifetime plus fifty years.

corporation: a business organization created under a government charter and owned by shareholders.

co-signer: person with an acceptable credit rating who agrees to repay a loan if the borrower cannot.

cost: amount of money which has to be paid for something; fixed costs - business costs which do not rise with the quantity of the product made; variable costs - production costs which increase with the quantity of the product made (such as wages or raw materials); unit cost - the cost of one item (i.e. total product costs divided by the number of units produced).

cost of goods sold: how much it cost the seller to make or buy the goods sold. Same as "cost of sales".

cost of labour: cost of paying workers employed to make a product.

cost-of-living adjustment (COLA): a type of raise workers can get to reflect the higher cost of consumer goods. Also a sort of corporate hardship pay for employees sent to live and work in expensive places.

cost of production: costs of making a product. cost of sales: all the costs of a product sold, including manufacturing costs and the staff costs of the production department.

cost-push inflation: rising prices, rise due to an increase in the cost of production.

coupon: a detachable part of traditional bond certificates. You present these to the issuer to collect your interest payments.

coupon rate: a bond's annual interest rate, stated as a percentage of what was originally paid for the bond. Gets its name from traditional bond certificates, which have coupons you detach and return to the issuer to collect your interest payments.

craft worker: one of a wide variety of highly skilled workers such as carpenters, tool-and-die makers, machinists, electricians and automobile mechanics.

credit card: an identification card that entitles the lawful owner to make purchases on credit.

credit union: association of people with something in common that offers insured savings plans similar to those offered by other savings institutions.
creditor: one who lends money to another.
crowding-out effect: theory that government borrowing reduces the supply of credit for private use, pushes up interest rates, and reduces business and consumer spending.
cumulative preferred: preferred stock that is due dividends, even if payments are delayed until the company can afford them. The amount owed builds until the dividends are paid. Owners are entitled to their payments before common-stock owners can collect theirs.
currency: paper money and coins issued by the federal government.
currency exchange: buying or selling foreign currencies.
current assets: cash and assets that are expected to be used, sold or converted to cash in the near future, usually one year. A sporting goods store's current assets would include the money in the register and its bicycles, as well as short-term insurance policies and marketable securities - securities expected to be turned into cash in one year.
current liabilities: these liabilities must be paid in a relatively short time, usually one year. Taxes are one example.
customs union: an organization of countries who agree to promote free trade among members but to impose a common tariff on nonmembers. Best known is the European Community of Common Market.

D

debentures: you need to trust in a company and its strength to give this type of loan, which isn't backed by collateral.
debt-to-net-worth ratio: also debt-equity ratio. To get it, you divide liabilities by stockholders' equity. This is a general measure of how safe creditors can feel about their loans. Creditors often avoid lending to companies with a high debt-equity ratio.
decentralize: to move parts of a government, organization, etc., from one central place to several different smaller ones.
default: failure to meet an obligation when it comes due.
deficit: excess of expenses over expected income.
deflation: opposite of inflation. Decrease in the general price of consumer goods and services. A period during which the purchasing power of the dollar is rising.
demand: a consumer's willingness and ability to buy a product or service at a particular time and place; elastic demand - condition that exists when a small increase in a good's price causes a major decrease in the quantity demanded; inelastic demand - condition that exists when a change in a good's price has little impact on the quantity demanded.
demand curve: the graphic representation of demand.

demand deposit: checking accounts held by commercial banks; largest component of the money supply. So named because you can demand your money - or write a check -without clearing it with the bank first.
demand-pull inflation: rising prices because demand is increasing faster than industry's ability to satisfy that.
demand schedule: a table showing the quantities of a product that would be purchased at various prices at a given time.
deposit multiplier: a multiple by which the deposit of funds in the banking system will increase total deposits.
depreciation: dividing the cost of an asset over that asset's usable life. When dealing with a $200,000 factory expected to be used for 10 years, you would count $20,000 a year as expenses. Assets are considered unusable if they don't work well anymore or are obsolete.
derivative: a type of investment whose value depends on the value of other investments, indices or assets. A stock option is a common type of derivative.
diminishing marginal utility: the last item consumed will be less satisfying than the one before.
direct-sales company: a company which sells its products directly to retailers.
discount: percentage by which the seller reduces the full price for the buyer.
discount brokers: discount stock brokers are to full-service brokers as warehouse stores are to boutiques. You don't expect much, if any, advice from your discount broker on what to buy. She or he usually doesn't expect you to pay as much as you would at full-service brokers. A discount broker's main job is to carry out your requests to buy and sell.
discount rate: the interest rate charged by the Federal Reserve on its loans to banks and other financial institutions.
discounted loan: loan from which interest is deducted in advance.
discretionary income: money left after buying necessities.
district bank: one of 12 banks that make up the Federal Reserve System.
diversification: an investing technique. The idea is to buy lots of different types of investments so if the value of one nose dives, you're not suicidal.
dividends: payments corporations make to their shareholders. The per-share amount is determined by corporate earnings.
division of labor: breaking down a large task into a series of small ones so that each worker completes one or a few of the steps involved.
Dow Jones Industrial Average: an important stock market indicator, used to judge the stock market's general well-being and how well your stocks are doing comparatively. It measures the performance of 30 industrial stocks. When the media reports that the market rose 20 points, they're really saying the Dow rose 20 points.
dumping: selling the same goods for a lower price abroad than at home.

E

earnings per share: the amount of money a company makes per share of common stock. This figure is calculated by taking net income and dividing it by the number of common shares outstanding.
earnings: the profit made by a company.
economic growth: increases in an economy's total output over a period of time.
economic indicator: a statistical measurement of the state of the economy or some important part of the economy.
economic model: any simplified statement, diagram or formula used to understand economic events.
economic rent: the amount received by property owners over and above the lowest price they would have accepted.
economic system: the approach a country uses to deal with scarcity and achieve its economic goals.
economics: the social science that describes and analyzes how society chooses from among scarce resources to satisfy its wants.
economies of scale: decrease in the unit cost of a product or service because of large-scale production.
economize: the effort to get the most out of one's resources.
elastic currency: supply of money expands and contracts with the needs of business.
elastic demand: condition that exists when a small increase in a good's price causes a major decrease in thequantity demanded.
elasticity of demand: measure of buyers' eagerness to acquire a good or service.
elasticity of supply:measure of how easily sellers can increase or decrease the quantity supplied.
eminent domain: the right of governments to take private property, at a fair price, for public purposes.
employee involvement (J1) programs: allow workers to assume responsibilities normally held by management.
Engel's Law: as a family's income increases, the percentage spent for necessities decreases, while the percentage spent for luxuries increases.
entrepreneur: a person who creates a business in the hope of earning a profit.
entrepreneurship: the managerial or organizational skills needed by most firms to produce goods and services at a profit.
equation of exchange: tells us that total spending is equal to the total value of the goods and services produced by the economy.
equilibrium price: the price of a good or service at which the quantity demanded matches the quantity supplied.
equilibrium quantity: the number of products that would be sold at the equilibrium or market price.
excess quantity demanded: the amount of a product that could be sold at a price lower than the market price.

Excess quantity supplied: the amount of a product available at a price higher than the market price.
excise tax: a tax levied on the manufacture or sale of a specific item (a tax on perfume, for example).
expansion: phase of the business cycle following recession when the economy begins to recover.
expenditure: the money that we spend.
experience: knowledge and skill gained thought timespent doing a job or activity.
export: a domestically produced good sold abroad. WhatJapan made its fortunes on - exports to the U.S. and elsewhere.
export subsidy: a payment by a country to exportersenabling them to sell their products abroad at a lower pricethan at home.
external funds: funds, such as loans, that come fromoutside the firm.
externalities: the effects of economic activities that falloutside the market system.

F

Factors of production: the productive resource of land, labor, capital and entrepreneurship.
Factory gate price: the price at which a factory sells goods to wholesalers and distributors.
Fair Labor Standards Act: one of the key federal laws protecting workers. This is the one you drop into conversation if your boss wants you not to claim all that overtime you're working. Established minimum wage and 40-hour work week. States that worker get 1.5 times regular hourly pay if they work more than 40 hours in a week.
Federal Advisory Council: offers advice to the Federal Reserve System on the nation's financial problems.
Federal Deposit Insurance Corporation (FDIC): a child of the Great Depression, this independent federal agency is supposed to inspire confidence in banks. It insures deposits up to $100,000 in member commercial banks, so depositors can get their money back if a bank goes belly up.
Federal Reserve Bank: one of 12 district banks of the Federal Reserve System.
Federal Reserve System: group of banks that regulates the U.S. money supply, sets rules designed to keep commercial and savings banks solvent and provides emergency loans to those banks. Overseen by a board appointed by U.S. presidents. The chairman of that board is very powerful, and his actions are closely watched by investors.
Federal Trade Commission Act: law passed by Congress in 1914 which set up the Federal Trade Commission to enforce antitrust rules. The act gave the FTC the right to define unfair methods of competition and make
rules to prevent such practices.

Federal Trade Commission: a government agency established to help prevent unfair business advertising and other trade practices.
finance n: money, used by a company, provided by the shareholders or by a bank, to help run a business.
finance v: to provide money, especially a large amount of money, to pay for something.
fiscal policy: use of the federal government's power to tax and spend to regulate economic activity.
fixed assets: a company’s no liquid assets, such as its office building or factory.
fixed costs: costs that remain the same regardless of how much business a firm does. Also called overhead. Costs that don't vary with sales volume. Rent is a fixed cost; companies need to pay it whether they make money that month or not. Other fixed costs are insurance payments and executives' salaries.
fixed-rate loan: a loan whose interest rate doesn't change. A conventional mortgage is an example.
flat tax: a tax that would eliminate most deductions and apply the same tax rate to all incomes.
float: provides financial breathing room if you're short of cash. This is the value of the money that stays in your account until a check you wrote is processed.
foreign exchange market: place where foreign currencies are bought and sold.
fractional reserve banking: system in which banks hold a percentage of their customers' deposits and lend the rest.
franchise: a license to operate an individually owned business as if it were pan of a large chain.
franchisee: one who purchases a franchise.
franchising: setting up a system like McDonald's. A company (the franchiser) grants the right to use its name and sell its products to a person or group (the franchisee).
free enterprise: an economic system based on the private ownership of property, competition, and the profit motive.
free market: a market that operates under conditions of perfect competition.
free trade: the absence of any trade restrictions.
free trade association: agreement among countries to remove trade restrictions among themselves.
frictional unemployment: temporary, unavoidable unemployment.
fringe benefits: items other than wages that the employer pays for, such as health insurance, retirement plans and vacations.
full-service brokers: like the full-service island at the gas station. You usually pay more, but you also get more - in this case a wide range of services including advice on what stocks to buy and sell. The "self-serve" variety of broker is called a discount broker, who generally just handles trades.
full-time: working all the normal working time (i.e. about seven hours a day, five days a week).

futures contract: legally binding agreement to buy or sell a commodity or financial instrument at a specific price and on a set date. Unlike an option, in that the seller must sell and the buyer must buy at the established time. Futures can be traded among parties.

G

General Agreement on Tariffs and Trade (GATT): an international accord meant to stimulate trade. It encourages lowering tariffs and abolishing quotas that restrict imports.
general partner: general partners are liable for all of their partnership's debts.
generally accepted accounting principles (GAAP): rules and procedures generally accepted by accountants. The rules guide them in assessing and reporting on a company's finances.
generic products: products sold without a trademark or brand name.
goods: tangible items of value.
government-owned corporation: one that has been created to provide services that private enterprise is unable or unwilling to offer.
grants-in-aid: money given by the federal government to state and local governments for a specific purpose.
Great Depression: the worst depression in American history, lasting from 1930-1940.
grievance procedures: procedures that employees follow if they feel they have been treated unfairly.
gross domestic product (GDP): key indicator of an economy's health, annual value of goods sold and services paid for inside a country.
gross national product (GNP): a measure of the nation's total output of goods and services per year. GNP is a key indicator of an economy's health; it's the value of all the goods and services produced by a country in a given period of time, including income from other countries.
gross profit: sales revenue minus the cost of making or buying the things that were sold (cost of goods sold). If a man-ufacturer sold 10 bikes for $300 a piece, and each bike cost him $250 to make, the company's gross profit is $500.
gross sales: revenue from a company's total sales
before deducting for returns and discounts.
growth funds: mutual funds that invest in companies that pay little or no dividends and reinvest their profits in expansion and in research and development. You buy these if you're willing to give up dividend income in return for a chance at big gains in the stock price over time.

H

health maintenance organization (HMO): type of health insurance that entitles members to unlimited visits to a doctor.

horizontal merger: combination of companies in the same business.
household: one or more persons living in the same dwelling (such as a house or an apartment) and functioning as an economic unit.
housing co-ops: multiple dwelling units that are owned by their tenants.
human resources (labor): the physical and mental effort needed to produce goods and services.

I

imperfect competition: Joan Robinson's term to describe markets kets in which sellers have more freedom to determine prices than in perfect competition but less than in monopoly.
import: good or service purchased from a seller in another country.
incidence: see tax incidence.
income from continuing operations: revenue minus expenses, including taxes. This doesn't include income from discontinued operations, like a closed arm of the corporation; extraordinary items or the financial effect of a change in accounting principles.
income statement: see profit-and-loss statement.
income tax: a tax on the income earned by individuals and corporations.
index number: a measure of relative value compared to a base number.
individual retirement account (IRA): you may place $2,000 a year in these accounts, which are used to invest in stocks, certificates of deposit, etc. The contributions may be tax deductible depending on whether you're covered by a company retirement plan and whether your adjusted gross income is low enough. IRAs accumulate money tax-deferred.
inelastic demand: condition that exists when a change in a good's price has little impact on the quantity demanded.
inflation: period of rising prices during which the purchasing power of the dollar is falling. An increase in the general price of consumer goods and services. What the Federal Reserve chairman is always trying to keep under control so it doesn't harm the economy.
infrastructure: the basic facilities, such as roads, harbors and utilities, on which the smooth operation of the economy depends.
injunction: a court order forbidding an individual or organization from engaging in an activity. Courts issue this to stop a person or group from doing something that might cause future harm.
input: anything that goes into the production process.
in-store promotion: promotion of a product inside a shop, by demonstrations.
insurance: protection against financial loss by sharing risks with others.
interest: what a borrower pays for the privilege of using someone else's money for a given period of time. Income derived from allowing someone else to use one's capital.
internal funds: funds, such as profits, that come from within the firm.

International Development Association (IDA): agency of the World Bank that makes very long-term loans to the poorest of nations.
International Finance Corporation (IFC): provides capital and managerial assistance to private business in the less-developed countries.
International Monetary Fund (IMF): an international lending institution that focuses on stabilizing currencies. The United States contributes heavily to the fund and has the greatest number of votes about where to lend money. This is the group trying to resuscitate Asia's troubled economies by pouring in billions so the countries can repay debt (an agency that lends foreign exchange to LDC's and other member nations).
interview: a formal meeting in which someone asks you questions to find out if you are suitable for a job, course of study, etc.
inventory: stock of goods held by a business.
investment: placing of money so that it will increase in value or to purchase real capital (equipment, new tools, industrial buildings) to be used in the production of goods and services.
investment bankers: companies that help other companies raise capital through the sale of new stock and bonds.
issue: to officially produce something such as new stamps, coins, or shares and make them available for people to buy.

J

job discrimination: practice of favoring one group over another in hiring, salary or promotion for reasons that have nothing to do with ability.

L

L: the broadest definition of the U.S. money supply. Includes everything found in the other definitions (see Ml, M2 and M3) plus U.S. savings bonds, Treasury bills, and other credit instruments.
labor force: consists of all those people 16 years of age or older who are currently employed or are looking fo'r a job.
labor unions: associations of workers formed to promote the interests of their members.
labor: the human effort required to produce goods and services.
laborer: generally refers to unskilled workers, such as freight handlers, sweepers, trash collectors and the like.
Labor-Management Relations Act: also known as the Taft-Hartley Act. The law governs unions' behavior. Among other things, it forbids unions from forcing prospective employees to become union members in order to get hired. It also forbids using dues to run campaigns for national union elections.
laissez faire: French term meaning "let them do"; describes a policy of minimal involvement of government in business.

launch: to start a new activity, especially one that involves some risk.
law of demand: all else being equal, more items will be sold at a lower price than at a higher price.
law of diminishing returns: as variable inputs are applied to the fixed input, output will increase at first. But, if the process is continued, a point will be reached (the point of diminishing returns) at which output per unit of input will begin to decrease.
law of supply: sellers will offer more of a product at a higher price and less at a lower price.
legal monopoly: right to be the sole provider of a good or service, such as public utilities, patents and copyrights.
legal tender: currency accepted in payment of debt.
less-developed countries (LDC's): countries in which per capita real income is much lower than in industrialized nations.
leveraged buyout (LBO): the purchase of a company using borrowed money. Usually the buyer secures the loan with the assets of the company to be purchased.
liability: any claim on, or debt of, a business or individual.
limited liability: advantage of a corporation allowing a stockholder no legal responsibility for its debts beyond the sum he or she has invested in the corporation.
limited partner: an owner in a limited partnership who's liable only up to the amount of money invested.
line of credit: financial institutions offer this to some customers. It allows the customer to borrow up to a certain amount of money without applying for another loan.
liquidity: the ease with which savings or other assets can be converted to cash.
load fund: a mutual fund that charges a commission for the stockbroker or financial planner who's marketing it.
lockout: suspending business and wages to pressure a union to accept management's terms. Management prevents union employees from entering the workplace and doing their jobs.
long-term loans: loans that mature (come due) in more than a year.
loss leader: article which is sold at a loss to attract customers.

M

Ml: the narrowest definition of the U.S.
money supply: includes currency in circulation, demand deposits,
other checkable deposits, and travelers' checks.
M2: a border definition of the U.S. money supply; includes all of Ml plus savings and time deposits of less than $100,000, money-market deposit accounts, and shares of money-market mutual funds held by households and small businesses.

M3: broader definition of money; includes all of M2 plus deposits of $100,000 or more and shares of money-market mutual funds that are used by large institutions and corporations.

macroeconomics: the study of the economy as a whole.

margin: the amount a customer deposits in a special account kept by a stockbroker. The customer uses the money in this margin account, combined with money borrowed from the broker, to purchase stock (called buying on margin).

market: place where buyers and sellers come together. The group of people who can and want to buy a product now or later. As in, is there a market for this $3,000 bicycle?

market economy: an economic system in which national economic decisions are the result of decisions by individual buyers and sellers in the marketplace.

market price: price at which goods or services and money will actually be exchanged. The price at which supply exactly equals demand.

market segmentation: division of the market or consumers into certain categories according to their buying habits.

market share: a company's or product's portion of the total market for that good.

marketable securities: securities, like government bonds, that can be sold easily. On balance sheets, they are listed as current assets because they're expected to be converted to cash in the near future, usually one year.

marketing: the process of identifying needs and satisfying these needs with suitable goods or services, through product design, distribution and promotion, either as a business or as a non-profit-making organization.

marketing agreement: contract by which one company undertakes to market another company's products.

marketing board: organization set up by the government or by a group of producers to help producers market a certain type of product.

marketing budget: money set aside by an organization for its marketing activities.

marketing communications: all methods of communicating used in marketing, such as television, radio and sales literature.

marketing concept: business idea or philosophy based on the importance of profit, consumer satisfaction and the welfare of the general public.

marketing department: department in a company which specializes in using marketing techniques to sell a product, and which is responsible for taking marketing initiatives such as advertising and public relations.

marketing effort: company's marketing activities.

marketing intelligence: information about a market that can help a marketing effort.

marketing manager: person in charge of a marketing department.

marketing mix: combination of all the elements that make up marketing, such as price and distribution and advertising.

marketing model: overview of the entire marketing process which can be shown graphically, possibly using a computer, and used to solve problems.
marketing opportunity: possibility of going into a market for the first time.
marketing plan: plan, usually annual, for a company's marketing activities, specifying expenditure and expected revenue and profits.
marketing policy: basic attitudes underlying a company's marketing activities.
marketing research: all research carried out in the interests of successful marketing, including market research, media research and product research.
marketing services: marketing functions other than selling, such as market research and advertising.
marketing strategy: strategy or planning for marketing activities.
marketplace: open space in the middle of a town where a market is held; situation and environment in which goods are sold.
mass production: the production of goods and services on a large scale using division of labor and machinery or tech nology. '
mediation: method for settling labor disputes in which a third party makes non-binding suggestions (using a neutral third party to settle a dispute by fostering compromise among battling groups). Can be used in labor-management disputes.
mercantilists: Some of the first modern economists who believed that nations should behave like merchants competing with one another; they wanted government support to keep the nation's businesses competitive-merchandizing: organizing the display and promotion of goods in retail outlets.
merger: combination of previously separate firms into one.
microeconomics: the study of the individual parts of the economy, with special attention to the market process and how it works.
minimum wage laws: establish the lowest legal wage that an employer can pay.
mint: to make coins.
mixed economy: economic system that combineselements of public ownership of the means of production with private ownership.
monetary: referring to money or currency.
monetary policy: use of the Federal Reserve's power to control the supply of money and credit to influence economic activity in the nation as a whole, particularly to control inflation and stimulate economic growth.
monetary system: the system used by a country to provide the public with money for internal use and to control the exchange of its own currency with those of foreign countries.
money market deposit accounts: a bank account that pays a variable rate of interest based loosely on market rates. Often used by people who need to keep money readily available, but want to try for a higher return than on regular bank accounts. Added bonus: they're federally insured.
money market funds: mutual funds that use the resources of their investors to buy money-market certificates. Funds that put their money in short-term

investments. Considered pretty safe because the funds invest in such things as U.S. government securities and bank certificates of deposit.
money market: market for short-term credit instruments such as Treasury bills.
money: can be anything that is generally accepted in payment for goods and services.
monopolist: seller who controls the supply of a good or a service.
monopolistic competition: a market in which many firms are selling similar (but not identical) products.
monopoly: market in which there is only one seller. What you tried for in the game with the same name: complete domination of a market. When you have a monopoly, you have no competitors for what you're selling.
mortgage: a long-term loan usually used to finance a building.
municipal bond: these bonds are issued by state or local government entities, such as cities and counties. Interest earned is generally tax-free.
mutual funds: corporations that sell stock and use the proceeds to invest or speculate in the securities markets. These funds pool money from many investors, and fund managers invest the money in specific types of securities. Money market funds are a type of mutual fund.

N

NASDAQ (The National Association of Securities Dealers Automated Quotations System): a computerized system that lists price quotes for many over-the-counter stocks, as well as some other stocks.
National Labor Relations Act: federal law that created the National Labor Relations Board to supervise union elections and that banned certain unfair labor practices by employers. The NLRB can rule on whether labor practices are unfair, although the decisions are appealable to the courts.
nationalization: government takeover of a privately owned industry.
natural resources (land): the things provided by nature that go into the creation of goods and services.
negotiable order of withdrawal (NOW) accounts: interest-bearing accounts on which the depositor is entitled to write checks.
net exports: the difference between total exports and total imports over the course of a year.
net income: the bottom line, after everything is paid up, • including taxes. What's left after all expenses are deducted from total revenue. Dividends are paid from net income.
net interest: an item in the federal budget representing the difference between the interest earned by the government on its investments and the interest it must pay on its debts.
net worth: the difference between a firm's assets and its liabilities. Equity. Fair market value of total assets minus total liabilities.
no-load fund: mutual fund that doesn't charge a commission.

nonprice competition: methods other than selling-price changes used by firms to compete with one another.
nonprofit corporations: or simply nonprofits. Organizations that don't exist to make a profit. Usually, the groups are dedicated to charitable or educational efforts; they are, therefore, exempted from income taxes.
note receivable: what you put on the books if you're owed money by someone who has signed a promissory note, which states you will be paid a certain amount by a certain time.
notes payable: short-term loans owed by the corporation.
not-for-profit corporation: one that has been organized to serve some particular educational, social, charitable or religious purpose rather than to earn a profit.

O

Occupational Safety and Health Administration (OSHA): an arm of the U.S. Department of Labor that attempts to keep people safe in their workplace by setting safety standards and enforcing them. OSHA will inspect for such problems as contaminants in a factory's ai
oligopoly: market dominated by a few large firms. Not quite a monopoly, but getting there. A small group of large suppliers dominate a market, providing similar versions of a product, like cars.
OPEC (Organization of Petroleum Exporting Coun-tries): a cartel of crude-oil producing countries formed to regulate the production and prices of petroleum on international markets.
open (or public) corporation: one whose stock is sold to the public.
Open Market Committee: agency of the Federal Reserve that regulates the nation's money supply.
open shop: a business open equally to union and nonunion workers.
open-end fund: mutual fund that doesn't limit its number of shares.
open-market operations: refer to the purchase and sale of government securities by the Fed's Open Market Committee.
opportunity cost: the amount of goods and services that must be given up in order to obtain other goods and services.
option: the right to buy or sell stock at a given price within a certain period of time. Options are often traded.
output per worker per hour: terms in which productivity is usually measured.
overhead costs: money spent on the day-to-day cost of a business.
over-the-counter market (OTC): brokerage firms around the nation that buy and sell securities of smaller firms not listed on the large exchanges. A virtual marketplace for trading securities. Dealers conduct transactions via computer or telephone, rather than through an auction at a central location, like the New York Stock Exchange.

P

partnership: unincorporated business owned by two or more people who share profits and losses. Owners are personally liable for the partnership's debt.
passbook and statement savings accounts: savings accounts offering ease of withdrawal, safety of principal, and low interest rates.
patent: a monopoly to use a new product or idea exclusively for 17 years.
peer review panels:committees made up of management and labor representatives who listen to worker grievances and rule on them.
penetration pricing: pricing a product low enough to achieve market penetration.
penetration strategy: selling more of a company's products into a market segment, shown as a percentage of the total market, by aggressive pricing and advertising.
per capita real GNP: GNP adjusted for changes in average prices and divided by the population; a figure showing the amount of real goods and services per person produced in the nation in a given year.
perfect competition: a market for uniform products in which there are many buyers and sellers, no one of which is big enough to affect the price, and full knowledge of market conditions.
physiocrats: thinkers in 18th-century France who believed that because natural resources were the source of wealth, it made little sense for government to promote business.
picketing: effort by unions to inform the public of a labor dispute by parading in front of their workplace with signs listing their grievances.
poison pill: companies resort to poison pills when someone is trying to take them over. To discourage the suitor, the takeover prospect takes on a heap of new debt or does something else to make the stock less attractive.
political action: refers to the effort by labor unions to enlist the support of government and politicians for their programs.
popularity appeal: suggestion that simply using the advertised product will make you popular.
preferred stock: stock that receives a specified dividend before any dividends are paid on common stock and that receives a share of the assets of a liquidated corporation ahead of common stockholders. If you own this higher class of stock, you get your dividends before common stockholders. If the company folds, you also get assets before common stockholders do. The one thing you usually don't have is voting rights.
premium: an amount of money paid in addition to the usual amount; at a premium - difficult to obtain and more expensive than usual.
price: the money value of a good or service.
price discrimination: practice of selling the same product for less to one company than to another.

price-earnings ratio: one measure of how much faith investors have in a particular stock, it shows how much they're willing to pay for each share of a corporation's earnings. You calculate it by dividing the current price per share by the earnings per share for the last year.
price stability: the absence of inflation or deflation - a period of time in which there is little change in what the dollar can buy.
price system: economic system in which resources are allocated as a result of the interaction of the forces of supply and demand.
price war: a situation in which businesses compete to attract customers by lowering prices.
primary market: market where new issues of securities, like stocks, are sold and the proceeds go to the issuer.
prime rate: interest rate banks charge their most credit-worthy commercial customers for loans. Often given to large corporations.
principal: the amount borrowed.
private property: basic right of the free enterprise system that guarantees the individual's right to own, use, and dispose of things of value.
pro forma income statement: a statement of revenue and expenses that includes some hypothetical values. It shows what could be expected to happen if a corporation decided to go through with a takeover, for example.
producer co-ops: manufacturers and marketers of products on behalf of their members.
product: the good or service one receives in an exchange.
product differentiation: process of creating uniqueness in a product.
product labeling: attaching to a product statements identifying its contents and use.
production-possibilities curve: a curve showing the possible combinations of total output that could be produced if a nation's resources were fully employed.
productive capital: things used to produce goods and services; machines, tools, factories, equipment, etc.
productivity: the output of goods and services as measured per unit of time, or per person, per company, per industry, or for the whole economy. What plummeted nationwide during the President Clinton-Monica Lewinsky controversy. Productivity measures how much work you get done in a given period of time.
profit: the money that remains after the costs of doing business have been paid. Difference between a firm's total revenues and its total costs. Same as income, the difference between revenue and expenses, before taxes.
profit margin: difference between cost and selling price. A good measure of a company's efficiency, this essentially tells you how much the company makes off sales after expenses are paid. Generally, the higher the profit margin, the more efficient the company. Net profit margin is net income divided by net sales. Gross profit margin is gross profit divided by net sales.

profit motive: the desire to benefit from the investment of time and money in a business enterprise.
profit-and-loss statement: summary of a firm's revenue, costs and taxes over a period of time.
profit-sharing plan: if your company's doing well, this is one great perk. The company gives employees bonuses tied to the amount of profit it makes.
progressive tax: one that takes a larger percentage of a higher income and a smaller percentage of a lower income.
promote a new product: to increase sales of a new product by a sales campaign.
promotion: program designed to sell goods or services to the public. All means of conveying the message about a product or service to potential customers (by publicity or sales campaign or TV commercials or free gifts, etc.).
promotional allowance: discount which is offered to a buyer in return for some promotional activity in connection with the product sold.
promotional budget: forecast cost of promoting a new product.
promotional campaign: coordinated activities to increase sales of a new product.
promotional discount: special discount offered as part of the promotion for a product.
promotional mix: combination of all the elements that make up a company's promotion.
proportional tax: one that takes the same percentage of all incomes regardless of size.
promotional tools: material used in promotion, such as display material and sales literature.
prospectus: a statement containing pertinent financial information published when a corporation is about to issue new securities.
protective tariff: tariff levied to protect a domestic industry from foreign competition (see revenue tariff).
proxy: a written authorization transferring voting rights to another at a stockholders' meeting.
public utilities: privately owned firms that provide an essential public service and are subject to government regulation.
purchasing power: value of money.
push strategy: attempt by a manufacturer to push the product towards the customer.
put: an option to sell a certain amount of stock at a specific price during a specific time.

Q

qualification: something such as a degree or a diploma that you get when you successfully finish a course of study.

quality circles: small, voluntary groups of employees who meet regularly to identify and solve work problems.
quality control: maintaining acceptable and dependable levels of quality in production.
quotas: restrictions on the number of goods that can enter the country from abroad.

R

raise: collect money for a particular purpose, get a loan from a bank.
rate of exchange: the price at which a particular currency sells in terms of other currencies.
rate of inflation: annual percentage increase in the general level of prices.
rate of return: the amount of interest or dividends stated as a percentage of the principal of an investment.
rational appeals: rely on logic or reason to convince the consumer to buy a product.
raw materials: raw as in unfinished. The stuff finished products are made of.
real GNP: GNP adjusted for changes in the price level; the value of goods and services produced in the nation in a given year.
recession: the bottom of the business cycle; a period of low business activity and high unemployment. A time when business is slow, people lose jobs and sitting presidents worry about their re-election prospects as people tend to blame them for economic woes. Technically speaking, six months or more of a decline in the gross domestic product.
regional exchanges: national securities exchanges (not in New York City). These exchanges are registered with the U.S. Securities and Exchange Commission. Chicago has one.
regressive tax: one that takes a higher percentage of a low income and a lower percentage of a high income.
rent: return paid to those who supply the factor of production known as land.
research and development (R&D): activity directed toward discovering new products and processes.
reserve ratio: the proportion of a bank's deposits that must be kept on reserve at the Federal Reserve bank or in its own vaults.
reserve requirements: set by the Federal Reserve, these rules require member banks to keep a certain amount of cash and other liquid assets on hand or at a nearby Federal Reserve bank. The amount is stated as a percentage of deposits. The rules help the Fed control lending and the nation's money supply.
reserves: fixed portion of bank's deposits that cannot be loaned.
resources: anything used as an input in the creation of goods and services.
retail margin: the difference in price between what retailers pay for a product and what they sell the product at.
retailer: person who runs a retail business, selling goods direct to the public.

retail price: price at which the retailer sells to the final customer.
retained earnings: undistributed profits, often used to finance major projects. What's left of earnings after dividends are paid. These are cumulative; they're additions to capital earned since a company's birth.
return on owners' equity: a measure of profitability. Net income is divided by common stock equity.
revenue tariff: tax on imports designed to raise money for the government (see protective tariff).
revolving credit agreement:you have one of these for your charge cards. The lender lets you borrow up to a certain amount again and again; once you pay off part of the loan you can reborrow that part. In other words, once you pay off one shopping spree, you can start on another.
right-to-work laws:state laws guaranteeing individuals the right to hold a job without being required to join a union. Right-to-work laws have been enacted in: Alabama, Arizona, Arkansas, Florida, Georgia, Idaho, Iowa, Kansas, Louisiana, Mississippi, Nebraska, Nevada, North Carolina, North Dakota, South Carolina, South Dakota, Tennessee, Texas, Vermont, Virginia, and Wyoming.
rural community: one in which there are fewer than 2,500 residents and one that is far from any urban community.

S

S corporation: business organization that enjoys the advantages of the corporation without being subject to corporate taxes.
sales tax: a regressive tax added to the price of goods at the time they are sold.
Savings institution: financial institution that holds personal savings for safekeeping and pays interest.
scarcity: a limit to the supply of productive resources or consumer goods in relation to producers' or consumers' demand for them.
secondary boycott: when a union puts the squeeze on. It organizes a boycott of companies that do business with the company the union is battling. The idea is to isolate the company fighting with the union, hurting its business by cutting off supplies or buyers.
secondary market: where securities are traded after their initial issuance. Money from trades goes to dealers and sellers, not to the company that originally issued the security. Secondary markets include exchanges, as well as virtual marketplaces - the over-the-counter markets of computer and telephone lines.
secured bonds: bonds backed by collateral or a lien. If the bond issuer defaults, he or she must hand over whatever asset was pledged - such as a house - so the creditor can recoup the loss on the bond.
secured loan: to get one, you have to promise to hand over specific assets if you default.
securities: stocks, bonds and a host of other investments, including

certificates of deposit. Investments for consumers; ways of raising cash for the issuer, including corporations and governments.

Securities and Exchange Commission (SEC): Federal agency charged with protecting the public against wrongdoing in the sale of securities.

security exchange: market where brokers meet to buy and sell stocks and bonds.

security: something such as property or other goods used to provide a guarantee for a loan.

selling costs: costs involved in distributing, promoting and selling a product.

selling price: price at which someone is willing to sell.

selling short: gamblers love this technique that lets them bet a stock price will drop. It works this way: you borrow stock from your broker and sell it. If the price drops, you buy the shares you owe the broker and return them, pocketing the difference between what you sold them for and what you bought them back for. You're in trouble if the price rises since you still owe the broker his shares.

seniority: the importance assigned to a worker's length of service when it comes to questions of raises or layoffs, etc.

service industries: businesses which provide services, such as health care, legal advice or appliance repair.

services: intangible items of value, such as the work of physicians, lawyers, actors or mechanics.

share: one of the equal parts of a company that you can buy as a way of investing money.

share capital: value of the assets of a company held as shares less its debts.

Shareholder - stockholder: a person who owns shares in a company.

Sherman Antitrust Act: a law passed by Congress in 1890 that prohibits monopolies or any business combination that restrains trade. First U.S. antitrust law. Outlawed price-fixing - when competing companies collude to set similar, high prices.

short-term credit instruments: notes and other items that come due in a year or less.

short-term loans: loans that must be repaid in a year or less.

slogans: words or phrases used in advertising that sound great but mean little or nothing.

small business: a little company with low turnover and few employees.

Small Business Administration (SBA): U.S. agency that nurtures small businesses. Provides low-interest loans.

socialist economy (socialism): economic system in which the principal means of production are owned by the state, and resources are allocated by central planning.

sole proprietorship: a business that is owned by one person.

specialization: production of a limited variety of products by a business, region or country.

specie: money in the form of coins.
stability: being steady or not moving up and down.
standard of living: a measure of the amount of goods and services an individual or group considers essential.
stock: share in the ownership in a corporation.
stock insurance companies: an insurance company owned by stockholders.
stock market indicators:indexes of stock-market performance, including the S&P 500 and the Dow Jones Industrial Average. Indicators help investors figure out if their mutual fund or stock is doing as well as the rest of the market.
stock option: popular form of employee compensation, most often given to executives. The options allow executives to buy stock for a number of years at or below the share price when the option was granted. This is an added incentive for executives to maximize company profit and increase share prices.
stock split: corporations do this to make shares more affordable. They multiply the number of shares, while keeping the aggregate value of stock even. In a 2-for-l split of shares worth $50, an investor would have twice as many shares as he had, but each would be worth $25.
stockbroker: person in charge of a client's stock trades. If the stock is traded on an exchange, the broker relays buy and sell orders to representatives on the exchange floor. Full-service brokers give advice on which stocks to buy; discount brokers generally charge less, but usually don't offer advice.
stockholder=shareholder: owner of stock in a corporation.
strike: work stoppage to pressure management to accept union demands.
structural unemployment: unemployment resulting from changes in technology, consumer preference or movement of jobs from one region to another.
subsidy: financial aid.
subsistence level: the level of income necessary to maintain a minimum standard of living; any less will result in hunger and disease.
supply: refers to the number of items that sellers will offer for sale at every price at a particular time and place.
supply schedule: a table showing the quantities of a product that would be offered for sale at various prices at a given time.
surplus: excess of revenues over expenditures.

T

target: thing to aim for.
target market: market in which a company is planning to sell its goods.
tariff: a federal tax or duty on imports or exports. Japan's import tariffs drive U.S. trade negotiators nuts. The tariffs protect Japan's domestic industries by raising foreign producers' expenses - and usually the price of their goods.
tax base: the money, property and people on whom taxes could be levied.
tax incidence: the final effect of a tax; who will really have to pay the tax.

technological revolution: refers to a relatively sudden change resulting from the introduction of new products or processes.
technology: the application of science to commerce and industry.
term loans: loans that are generally several years' long.
testimonials: advertisements in which a famous person claims that he or she uses and enjoys a particular product.
thrift institutions: savings and loan associations, mutual savings banks and credit unions.
trade deficit: what the U.S. has with Japan. Imports exceed exports - or we buy more than we sell. Opposite of trade surplus.
trade loans: credit extended by vendors to their customers.
trade surplus: exports exceed imports - or you sell more than you buy. Opposite of trade deficit.
trademarks: special designs, names or unique symbols that identify a product, service or company.
trade-off: giving up one thing in order to obtain something else.
traditional economy: an economic system that allocates scarce resources according to custom; change and growth are very slow; people do what their parents did before them; and most goods are produced and consumed locally.
transfer payments: payments that represent a re-distribution of wealth, such as Social Security benefits, pensions, welfare, rather than an exchange for goods or services.
travelers' checks: checks sold by certain banks and specialized firms (such as American Express) that arc refundable if lost or stolen. treasurer: someone who is in charge of the money that belongs to an organization.
Treasury (the): a government department responsible for a country's financial matters.
Treasury bills: securities of the federal government issued for terms of less than a year. The purchasers are lending money to the government.
trust: an arrangement whereby a bank provides safekeeping and management of funds for individuals, estates or institutions such as pension funds. The term also refers to a specific form of monopolistic practice, and sometimes to monopoly in general - as in "antitrust law".
turnover: amount of sales of goods or services by a company in a particular period of time.

U

underground economy: exchanges of goods and services not reported to the government for tax purposes.
underwrite: to assume risk, as in the case of those who underwrite the sale of securities by purchasing an entire issue from the corporation and marketing it on their own.

underwriting: buying an initial stock or bond offering and selling it to the public. Investment bankers are underwriters; they make money by charging more for the stock or bonds than they paid for the securities.
unemployment rate: indicator of economic activity that compares the number of people in the labor force to the number looking for work; percentage of the labor force unable to find jobs.
Uniform Commercial Code (UCC): a comprehensive set of business laws adopted by almost all the states. The idea was to make the rules of commercial transactions - such as the sales of goods - universal.
union shop: allows nonunion workers to be hired on condition that they join the union.
unit cost: the cost of producing an item, determined by dividing total costs by the number produced.
unit price: the price of one item.
United States savings bonds: small-denomination certificates issued by the U.S. government for relatively long terms; purchasers are lending money to the government.
unlimited liability: requirement that the owner or owners assume full responsibility for all losses or debts of a business.
urban community: one in which 50,000 or more people live in a central city and its surrounding suburbs.
urban enterprise zone: area offering special taxincentives to businesses locating within its boundaries.
Utopian socialists: creators of small, ideal communities in which factories were owned by the workers and profits shared by all.

V

value added: the amount added to sales value through production. It's considered good for an economy to produce lots of value-added goods, which adds jobs, rather than shipping raw materials elsewhere to be processed. Smoked salmon is a value-added product because it's processed and more expensive than regular salmon.
value-added tax (VAT): tax levied on the value added to goods at every stage of production.
variable costs: costs that increase as the number of units produced increases.
variable expense: expenses that increase or decrease with the volume of business.
variable-rate loan: a loan with an interest rate that changes, tracking market conditions.
velocity: the number of times that the money supply is spent in a year; the speed at which money circulates.
venture capital: money available for high-risk investtments.
vertical integration = vertical merger

vertical merger: combination of companies involved in different steps of the same production process; also called vertical integration.

W

wages: the price paid for the use of labor. (To the economist, the term refers to the nation's wealth paid to labor, as distinct from other forms of income - rent, interest, and profit.)
wampum: a form of money used by Native Americans.
wealth: the total value of one's tangible assets.
World Bank: officially, the International Bank for Reconstruction and Development, the bank is an international agency that makes loans to less-developed countries as a way of stimulating economic growth. (This international bank focuses its lending on helping developing countries develop.)

TESTS

1. The money used in a country is its
a) property
b) money
c) currency

2. Money in notes (banknotes) and coins is called
a) extra money
b) cash
c) paper money

3. Money paid monthly by an employer is ...
a) wage
b) salary
c) bonus

4. Money paid weekly is ...
a) salary
b) wages
c) bonus

5. Money received for working extra hours
a) commission
b) fees
c) overtime

6. A certain percentage of the income that paid to people is
a) a pension
b) commission
c) a bonus

7. Extra money given for good financial results
a) bonus
b) salary
c) bills

8. Money paid to protect people
a) overtime
b) fees
c) wages

9. Money paid by the government to unemployed or sick people
a) sosial security

b) living expenses
c) health insurance

10. Money paid to a retired person
a) rent
b) a pension
c) tax

11. Amounts of money that people spend regularly are
a) income
b) wages
c) outgoings

12. All the money that people receive or earn
a) outgoings
b) income
c) salary

13. Money spent on everyday needs
a) rent
b) fees
c) living expenses

14. Money for electricity, gas, telephone connections and other services
a) fees
b) mortgage
c) bills

15. Money paid for the use of a house or flat
a) bills
b) mortgage
c) rent

16. Repayments of money borrowed to buy a house or flat
a) rent
b) mortgage
c) fees

17. Financial protection against medical expenses for accidental injuries
a) living expenses
b) health insurance
c) credit card

18. Money paid to finance goverment spending

a) commission
b) tax
c) social expenses

19. A financial plan that shows how much money a person or an organization expects to earn and spend
a) balance sheet
b) income statement
c) budget

20. Money that people need to do business
a) loan
b) capital
c) share

21. Money borrowed from banks
a) capital
b) interest
c) loan

22. The amount paid to borrow the money
a) interest
b) stock
c) profit

23. Certificates representing units of ownership of a company
a) diploma
b) share, equities
c) chart

24. The people who invest money in share
a) investors
b) shareholders
c) creditors

25. Money that shareholders provide
a) capital
b) revenue
c) share capital

26. A person or an organization that invests money in smth. to make it better
a) investor
b) lender
c) profits

27. Loans that pay interest and are repaid at a fixed future date
a) debts
b) bonds
c) profits

28. Money that is owed to other people or business
a) loan
b) bond
c) debt

29. In accounting, companies' debts are called
a) assets
b) working capital
c) liabilities

30. The money that a business uses for everyday expenses
a) income
b) capital
c) working capital or funds

31. All the money coming into a company during a given period is
a) expenses
b) capital
c) revenue

32. Money after all expenses
a) divident
b) profit
c) retain

33. A part of profit that a company pays its shareholders
a) tax
b) expenses
c) divident

34. A proportion of profits that a company pays to the government
a) pension
b) tax
c) debt

35. Some of the earnings that a company keeps for future use
a) capital
b) profit

c) retained earnings

36. It is a paper that companies give information about their financial situation
a) bill
b) financial statement
c) income statement

37. It is a paper that shows the company's assets, liabilities and its capital
a) profit account
b) bills
c) balance sheet

38. The things that a company owns
a) liabilities
b) capital
c) assets

39. The money that a company owes
a) income
b) liabilities
c) expenses

40. The Seller undertakes … and the Buyer …
a) to damage ; to ruin
b) to sell;to insure
c) to sell ;to buy

41. A contract is
a) a rule between the Buyers and the Sellers
b) a payment between the Buyers and the Sellers
c) a legal agreement between the Buyers and the Sellers

42. Guarantee is
a) a test
b) an income
c) a written promise given by a company

43. Arbitration is
a) a packing of the goods
b) a delivary of the goods
c) an official process of solving disputes

44. Delivary is

a) to set a price
b) the act of taking goods to people
c) to sort out the goods

45. Privatization is
a) a guarantee
b) an insurance
c) to privatize the state property

46. To attract investment is
a) to get rid of extra money
b) to involve the currency of different countries
c) to save money

47. Budget deficit is
a) a lack of money
b) the reduction of inflow
c) the foreign currency

48. Entrepreneurship is
a) to control the high-skilled people
b) to own private property
c) to work under pressure

49. An investor is
a) a creditor
b) a person or an organization that invests money in something
c) a lawyer

50. Without … sleep, you won't be able to do well.
at the exam.
a) enough a
b) enough
c) enough of

51. Customs … one country to another.
a) differ than
b) different
c) differ from

52. I entered one … .
a) competitor
b) compete
c) competition

53. We thought she … today.
a) will come
b) was coming
c) have come

54. The meeting was cancelled … heavy snowfall.
a) as a result
b) due to
c) because

55. If you … them well in advance, they will come.
a) informed
b) will inform
c) inform

56. There is a … teachers at the school.
a) shortage
b) short of
c) shortage of

57. Kevin … to go into business with his father.
a) planning
b) plans
c) had planned

58. The management made us … doing it for next week
a) put on
b) put off
c) put down

59. Jim is unemployed now, so he is looking for …
a) a work
b) a job
c) job

60. One of the least effective ways of storing information is learning …it
a) to repeat
b) how repeat
c) repeats

61. A person who owns a stock certificate is called …
a) stockholder
b) stockkeeper

c) stocktaker

62. … , the company's performance proved to be successful.
a) Whole
b) As a whole
c) While

63. My mother always forgets where she … her hat.
a) lays
b) lies
c) laid

64. The water level … when it rains every spring.
a) rose
b) raises
c) rises

65. I asked him … .
a) who was he calling
b) whom he was calling
c) whom was he calling

66. The purchaser of this automobile is protected by the manufacturer's … .
a) guarantee
b) thread
c) issue

67. This apartment … perfect if it were a little lighter.
a) is
b) were
c) would be

68. The company is not allowed to … its budget.
a) be greater than
b) being lower than
c) have equal from

69. They … in persuading me to start working
a) fulfilled
b) managed
c) succeeded

Choose the correct variant (a, b or c) that best completes the sentence.)

70. At the basis of international trade are the concepts of __________.
a. well-developed means of production
b. specialization and economic interdependence
c. well-tapped natural resources

71. Nation's absolute advantage is measured in relation to ___________________.
a. natural resources
b. means of production
c. other nations

72. Nation's comparative advantage is measured in relation to _______________ .
a. all the goods and services the nation produces
b. voluntary exchange of goods
c. labor force

73. Brazil enjoys an absolute advantage over the United States in _____________.
a. coal production
b. coffee production
c. steel production

74. The United States enjoys an absolute advantage over Brazil in the production of ____________.
a. manufactured foodstuffs
b. convenience goods
c. manufactured goods

75. Horizontal and vertical combinations have been common since ____________.
a. the mid-1960s
b. the mid -1970s
c. the mid-1800s

76. Multibillion-dollar corporate mergers occurred ______________.
a. in the mid-1970s
b. in the mid-1980s
c. in the mid-1960s

77. The classic example of conglomerate is ____________.
a. the International Telephone and Telegraph Corporation
b. the Standard OIL Company
c. the United States Steel Corporation

78. One of me major business advantages of corporate mergers is ____________.
a. worker satisfaction
b. efficiency

c. production facilities

79. One of the major disadvantages of corporate mergers for consumers is ______________.
a. decreased efficiency and profits
b. increased competition in the marketplace
c. decreased competition in the marketplace

80. The increased size of merged corporations often makes it possible __________.
a. to borrow more capital
b. to hire new employees
c. to build new plants

81. The lack of competition in the market place result in _____________________
a. additional capital recourses
b. higher prices for consumers
c. increased production efficiency

82. The firm attempted __________ its nearest competitor.
a. taking over
b. to take over
c. take over

83. We had to delay __________ the new product.
a. launching
b. to launch
c. launch

84. Every year we make a __________ to a wellknown wild life association.
a. supplement
b. order
c. contribution

85. The most competitive type of industry is that with ____________ .
a. pure monopoly
b. perfect competition.
c. total production

86. Buyers must have _____________ to information on the products and prices available.
a. easy access
b. demand
c. supply

87. Monopolies often advertise their product service to ___________.
a. make profit
b. control prices
c. promote the company's image.

88. The government gives utility companies the __________ to provide service in specific geographic region.
a. copyright
b. exclusive right
c. huge income

89. ________ encourage firms to invest in the research and development of new products and production techniques.
a. patent laws
b. buyers and sellers
c. consumers

90.___________ are large shops which sell a wide variety of products.
a. grocery
b. green grocery
c. department stores

91. Price is not the only thing that customers consider when _________ about which product to buy.
a. doing a decision
b. making a decision
c. doing business

92. Customers _________ about the poor quality of frozen vegetables on sale in our store.
a. did complaints
b. made complaints
c. made research

93. When two or more people want to start a business together they can set up a ___________ .
a. corporation
b. concern
c. partnership

94. Net profit this year ___________ around $200 million.
a. should be
b. should have been
c. should being

95. The production concept holds that sums will favor products _____________.
a. that offer the most quality and performance
b. that are available and highly affordable
c. that are very comfortable

96. The marketing concept holds that achieving organizational goals depends on ______________________________.
a. improving production efficiency
b. developing new competitive products
c. determining the needs and wants of target markets

97. Under the marketing concept, companies produce ____________.
a. what consumers want
b. unsought goods
c. highly affordable goods

98. If the demand for product in the market is bigger than the supply the companies should ________.
a. improve productivity
b. increase production
c. bring down prices

99. The societal marketing concept calls for ____________.
a. increasing production and bringing down prices
b. balancing demand for product and the supply
c. balancing company profits, consumer wants, and society's interests

100. Price in market is determined by __________.
a. the number of consumers
b. supply and demand forces
c. government policy

Keys to tests

1.c	**26.a**	**51.c**	**76.b**
2.b	**27.a**	**52.c**	**77.a**
3.b	**28.a**	**53.b**	**78.b**
4.b	**29.c**	**54.b**	**79.c**
5.c	**30.c**	**55.c**	**80.a**
6.b	**31.c**	**56.c**	**81.b**
7.a	**32.b**	**57.b**	**82.b**
8.b	**33.c**	**58.b**	**83.a**
9.a	**34.b**	**59.b**	**84.c**
10.b	**35.c**	**60.a**	**85.b**
11.c	**36.b**	**61.a**	**86.a**
12.b	**37.c**	**62.b**	**87.c**
13.c	**38.c**	**63.a**	**88.b**
14.c	**39.b**	**64.c**	**89.a**
15.c	**40.c**	**65.b**	**90.c**
16.b	**41.c**	**66.a**	**91.b**
17.b	**42.c**	**67.c**	**92.b**
18.b	**43.c**	**68.a**	**93.c**
19.a	**44.b**	**69.c**	**94.a**
20.b	**45.c**	**70.b**	**95.a**
21.c	**46.b**	**71.a**	**96.c**
22.a	**47.a**	**72.a**	**97.a**
23.b	**48.a**	**73.b**	**98.b**
24.b	**49.b**	**74.b**	**99.c**
25.c	**50.c**	**75.c**	**100.b**

Keys to exercises

1.2.
a) government
b) housing
c) price
d) scarce
e) demand
f) trade

1.3.
1. c
2. f
3. b
4. e
5. d
6. a

1.4.
Did you hear about a new course on microeconomics? - Yes, I did. I read about that in the web-site of our institute.
Are you doing anything tonight? - No, I`m not. Do you think to go round? We would prepare for the presentation.
Have you seen a new program on modern activities of economists in our country? - No, I haven`t. Something wrong with my TV-set and I couldn't repair it.
Did you get books for accounting from the library? - No, I didn`t. Unfortunately, somebody has borrowed them already before me.
Professor! Is it time to make a presentation on economic policy of Uzbekistan? - Yes, it is. You should express your understanding in different type of tables, pictures and schemes.

2.2.
1.T
2.F
3.T
4.T
5.T

2.3.
1. supply
2. demand
3. commodities
4. tax
5. competitive
6. utility

2.5. I want to study economics.
Do you understand what I`m saying?
I really enjoy the course on microeconomics. It`s great.
I think you can become a skilled economist.
What do you think about today`s economic system?
I do not believe your theory. It doesn't seem reliable.
I know you do not agree with me.
She has a lot of money.

3.2.
1.target
2.strategy
3.charging
4.placement
5.retailer
6.movement

3.3.
1. N
2.Y
3.N
4.N
5.NG
6.NG

3.5. All marketing activities <u>must be oriented</u> toward creating and sustaining satisfying exchanges. Both the buyer and the seller <u>must be satisfied</u>. The first <u>should be satisfied</u> with goods, services or ideas obtained in the exchange. The seller should receive something of value, usually financial reward. All marketing variables <u>are</u> highly <u>interrelated</u>. Marketing helps companies generate profit, the lifeblood of economy. About half of each concumer dollar <u>is spent</u> on marketing activities.

4.2.
1. b
2. a
3. c

4. a

a.

1. Engages
2. Resources
3. Goods
4. Stage
5. Consumer
6. Voluntarily
7. Services
8. Way
9. Choices
10. Demanders
11. Interactions

5.2.

1.T
2.F
3.T
4.F

5.3.

a) shareholder
b) elect
c) board
d) competent
e) entrust

6.3.

Advertising – *a planned series of advertisement intended to advertise a product or service*
Ad – *an informal word meaning an advertisement*
Advert – *the same as ad*
Advertisement – *an announcement in mass media about a product, event, job vacancy, etc.*
Advertiser – *a person or company that pays for a product or service to be advertised*
Adman – Advertising campaign
Advertising campaign – *communication intended both to inform and persuade.*
Commercial – *an advertisement on television or radio*

6.4.

1. No providers of goods or services rely only on word-of-mouth advertising.
2. Descriptive advertising is used by small traders selling the local paper.
3. It is illegal for advertisers to make untrue statements on their goods.
4. The British Code of Advertising Practice exists to protect the consumer for being deceived and misinformed about advertisements.
5. Advertising which invisibly registers information on the viewer's subconscious is called subliminal advertising.
6. Everyone influences the adverts to a certain extent.

6.5.

services – the action of serving, helping
theory – set of principles
policy – a course of action adopted or proposed by an organization or person
deflation – reduction of the general level of prices in an economy
consumer – a person who buys a product or service for personal use
household – a house and its occupants

7.1.

1. F
2. F
3. T
4. NG

7.3.

a) private
b) standard
c) consumers
d) major
e) outperform
f) sector

7.4.

a) Synonims:

1) appraise	d
2) calculate	f
3) appreciate	a
4) research	b
5) supply	e
6) brand	c

b) Antonyms:

1) estimate	c
2) a means	e
3) manufacturer	a
4) increase	b
5) retailer	d

7.5.
1. privatization e
2. share c
3. denationalize f
4. respond a
5. fail c
6. ownership d

8.2.
1.D
2.D
3.A
4.D

8.3.
h) entrepreneur
i) match
j) career
k) incentive
l) synthesize
m) experience
n) sociability

8.4.
1. If a company's financial health is good and its assets are sufficient, its capital will raise.
2. If the market refuses to buy the issue at a minimum price, the banker will take them and absorb the loss.
3. If profits are limited, the owners of preferred stock will pay dividends before those with common stock.
4. If money is scarce, interest rates will tend to rise because those seeking loans will be competing for fund.
5. If plenty of money are available for loans, the rate will tend to move download.
6. If the debt-equity mix is too out of balance, the firm will go bankrupt.
7. If he cannot pay employees or creditors on time, he will be forced into bankruptcy.
9. If his assets are in doubt, it will be difficult for him to obtain large sums of credit.
10. If too much money is available, its value will decrease.

9.3.
h) debate
i) capacity
j) challenge
k) enhanced
l) awareness
m) negotiation
n) reappraise

10.2.
1.T
2.F
3.NG
4.T

10.4.
g) identical
h) appliance
i) revenue
j) threat
k) outbid
l) rival

10.5.
Competition – contest; wage – money; method – technique; to organize – to make; to distribute – hand out; income – profit; consumer – customer; result – outcome; to offer – to propose; to produce – to manufacture; to will – to want; rival – competitor; goods producer – goods manufacturer; manufacturer; revenue – income; to take into account – to take into consideration; possible – available; represent – describe; evaluation – assessment.

10.6.
Conditions of Perfect Competition
Four characteristics or conditions must be present for a perfectly competitive market structure to exit. First, there must be many firms in the structure, none of which is large in terms of its sales. Second, firms should be able to enter and exit the market easily. Third, each firm in the market produces and sells a nondifferentiated or homogeneous product. Fourth, all firms and consumers in the market have complete information about prices, product quality, and product techniques.

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