

MINISTRY OF HIGHER AND SECONDARY SPECIALIZED
EDUCATION OF THE REPUBLIC OF UZBEKISTAN

ENGLISH FOR STUDENTS OF ECONOMICS
UPPER INTERMEDIATE COURSE BOOK

PREFACE

This textbook is for students studying English as a foreign or second language, from intermediate to upper-intermediate students (B1-B2 levels). While focusing on Grammar it promotes the level of all language skills in a variety of ways and concentrates on its practical application. Reading texts introduce variety of economic-based topics of interest to stimulate the free expression of ideas and open discussions. They are accompanied by post- text tasks and comprehension questions. Many of the exercises are available for group work and pair work and are viable as a classwork led by the teacher. It also includes additional extended context exercises.

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UNIT 1. ECONOMICS



UNIT FOCUS:

- **Reading 1:** Economics
- **Reading strategy:** Question-Answer Strategy
- **Vocabulary:** Matching Pairs
- **Grammar:** Present Simple
- **Reading 2:** Introduction to Economics

Pre-reading 1.1 Write one or two sentences to define the term “economics.”

Reading 1: What is Economics?

Economics (/ˌɛkəˈnɒmɪks, ˌiːkə-/ is the social science that studies the production, distribution, and consumption of goods and services. Economics focuses on the behaviour and interactions of economic agents and how economies work. Microeconomics analyzes what's viewed as basic elements in the economy, including individual agents and markets, their interactions, and the outcomes of interactions. Individual agents may include, for example, households, firms, buyers, and sellers. Macroeconomics analyzes the economy as a system where production, consumption, saving, and investment interact, and factors affecting it: employment of the resources of labour, capital, and land,

currency inflation, economic growth, and public policies that have impact on these elements.

Work with a partner or a small group to answer the questions below.

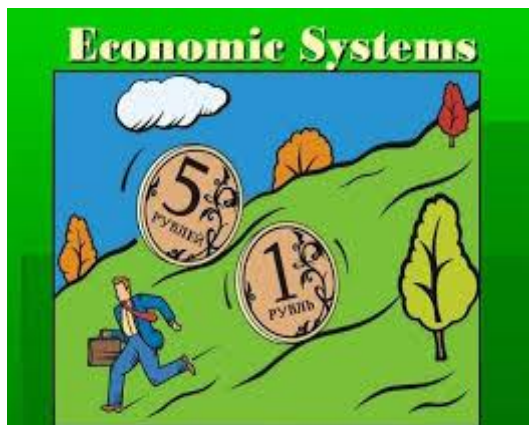
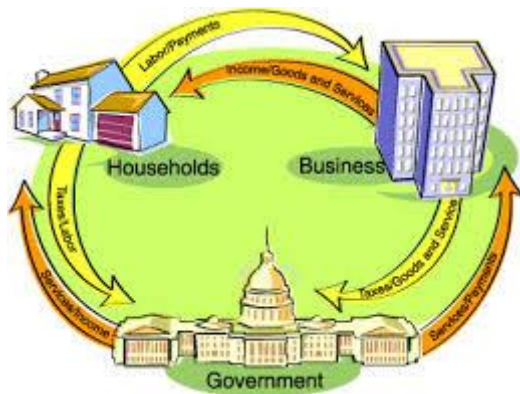
- 1) What is the central economic problem?*
- 2) What do macroeconomists study and what do microeconomists study?*
- 3) Why are you interested in economics?*

Vocabulary 1.1: Match the following words from the text to their definitions

1) Social science	
2) Production	
3) Distribution	
4) Consumption	
5) Goods	
6) Services	
7) Economic agents	
8) Markets	
9) Inflation	
10) Economic growth	

- a) the act or process of producing
- b) the action of sharing something out among a number of recipients.
- c) one of the branches of science, devoted to the study of societies and the relationships among individuals within those societies.
- d) items that satisfy human wants and provide utility
- e) a decrease in the purchasing power of money

- f) the increase or improvement in the inflation-adjusted market value of the goods and services produced by an economy
- g) an area or arena in which commercial dealings are conducted.
- h) the action of using up a resource.
- i) the action of helping or doing work for someone.
- j) the consumers of goods and services.



Pair work, in respect to the pictures in the previous section.

Answer the questions below.

1. What are critical economic sources in danger of scarcity in your country?
2. Which factor of production is the most important in economic growth in your

opinion?

3. Does distribution imply an important in economies' competition?
4. In respect to economic policies, which one is present in today's world, equality or equity?

Grammar: Present Simple / Present Continuous

We can use the present simple to talk about **things we do regularly**. We can use the present continuous to talk about **things we are doing now**.

I play basketball every Sunday.

I'm playing hockey now.

Read the following sentences/questions which refer to a fact that is always true (A) and which refer to a fact that is temporarily true in the present (T)?

- 1) Economics is the study of how society allocates scarce resources and goods.

- 2) Why is the price of oil dropping so fast? _____
- 3) The prefix macro means large. _____
- 4) Oil production and exports are rising year after year. _____
- 5) The term market refers to any arrangement that allows people to trade with one another. _____
- 6) Demand for fuel is lagging. _____
- 7) Gasoline prices are lower now than last year. _____

Grammar 1.2: Circle the correct answer to complete the grammar rules.

- 1) We use the present simple to talk about general facts/ current activities.

- 2) We use the present continuous to talk about general facts/ current activities.
- 3) We never/always use the present continuous for the verb to be and state verbs like know, like, feel, etc.

Grammar 1.3: Choose the best sentence. Note: sometimes both sentences are grammatically correct, but only one makes sense.

- A) Petro nations currently compete for the Asian market.
- B) Petro nations are currently competing for the Asian market.
- A) Iraq is an oil producing nation.
- B) Iraq is being an oil producing nation.
- A) Vehicles are becoming more fuel-efficient.
- B) Vehicles become more fuel-efficient.
- A) The economies of Europe and developing countries weaken.
- B) The economies of Europe and developing countries are weakening.
- A) The drop in energy prices helps lower-income families.
- B) The drop in energy prices is helping lower-income families.
- A) Lower oil prices often hurt oil producers.
- B) Lower oil prices are often hurting oil producers.
- A) Macroeconomists study aggregate supply and demand.
- B) Macroeconomists are studying aggregate supply and demand

Reading Two

Read the Text. Underline the New Words from the Previous Section.

Introduction to Economics

Economists have developed the terminology to describe economic issues. This terminology is important because if you are going to talk about the state of the economy, you need the terminology to do it. Shareholder, GDP, GNP, capital, supply and demand, costs, benefits, exchange. Rate are just a few of the terms the meaning of which any educated person in modern society needs to know. Two terms to be introduced to you immediately are the economy and economics. The economy is the institutional¹³ structure through which individuals in a society coordinate their diverse¹⁵ wants or desires. Economics is the study of the economy. That is, economics is the study of how human beings in a society coordinate their wants and desires. An economic institution is a physical or mental structure that significantly influences¹⁷ economic decisions. Corporations, governments, and cultural norms are all economic institutions. Many economic institutions have social, political, and

Religious dimensions. For example, your job often influences your social standing. In addition, many social institutions, such as family, have economic functions. If any institution significantly affects economic decisions, it can be considered as an economic institution. Even cultural norms can affect economies. A cultural norm is a standard people use when they determine whether a particular activity or behavior is acceptable. Learning economic reasoning means learning how to think as an economist. People trained in economics think in a certain way. They analyze everything critically. Having put their emotions aside, they compare the costs and the benefits of every issue and make decisions.

Answer the following questions. Discuss the answers with your partner.

1. Why is it important to learn economic terminology?
2. What is an economic institution?
3. How can cultural norms affect economies?
4. What is meant by 'economic reasoning'?
5. What is a cultural norm?

Enhancing Your Vocabulary

1. Match the words on the left with their definitions or synonyms on the right. Find their Uzbek equivalents with your partner.

Words Definitions

1. Exchange rate	a. The desirable and measurable result from an action, investment or resource.
2. Corporations	b. A problem of enormous dimensions.
3. Society	c. A legal entity that is separate and distinct from its owners.
4. Benefits	d. Strongly wish for or want (something).
5. diverse	e. the rate at which one currency will be exchanged for another.
6. Desires	f. in a sufficiently great or important way as to be worthy of attention.
7. Educated	g. with decisive or crucial importance in the success or failure of something.
8. Dimensions	h. literate, schooled
9. significantly	i. Showing a great deal of variety; very different.
10. Critically	j. The aggregate of people living together in a community

2. Translate the text into Uzbek.

Economists have developed the terminology to describe economic issues. This terminology is important because if you are going to talk about the state of the economy, you need the terminology to do it. Shareholder, GDP, GNP, capital, supply and demand, costs, benefits, exchange rate are just a few of the terms the meaning of which any educated person in modern society needs to know. Two terms to be introduced to you immediately are the economy and economics. The economy is the institutional structure through which individuals in a society coordinate their diverse wants or desires. Economics is the study of the economy. That is, economics is the study of how human beings in a society coordinate their wants and desires.

3. Fill in the blanks with the correct form of the verbs from Reading Two.

develop	Introduce	coordinate	influence	consider
determine	Affect	Put aside	mean	analyze

ENGLISH FOR STUDENTS OF ECONOMICS

1. Economists the terminology to describe economic issues.
2. Two termsto you immediately are the economy and economics.
3. Economics is the study of how human beings in a society..... their wants.
4. Your job often your social standing.
5. If any institution significantly affects economic decisions, it can
..... as an economic institution.
6. A cultural norm is a standard people use when they whether a
particular activity or behavior is acceptable.
- 7..... their emotions, they compare the costs and
the benefits of every issue.
8. Learning economic reasoning means learning how to think as an
economist.
9. Even cultural norms can economies.
10. People trained in economics think in a certain way. They
everything critically.

UNIT 2. MONEY



UNIT FOCUS:

- **Reading 1:** Money in an Economic System
- **Vocabulary:** Synonyms
- **Grammar:** Simple Present Passive
- **Reading 2:** Foreign Exchange

1. Think carefully about how well you know each target word in this unit. Then discuss all new words with your teacher.

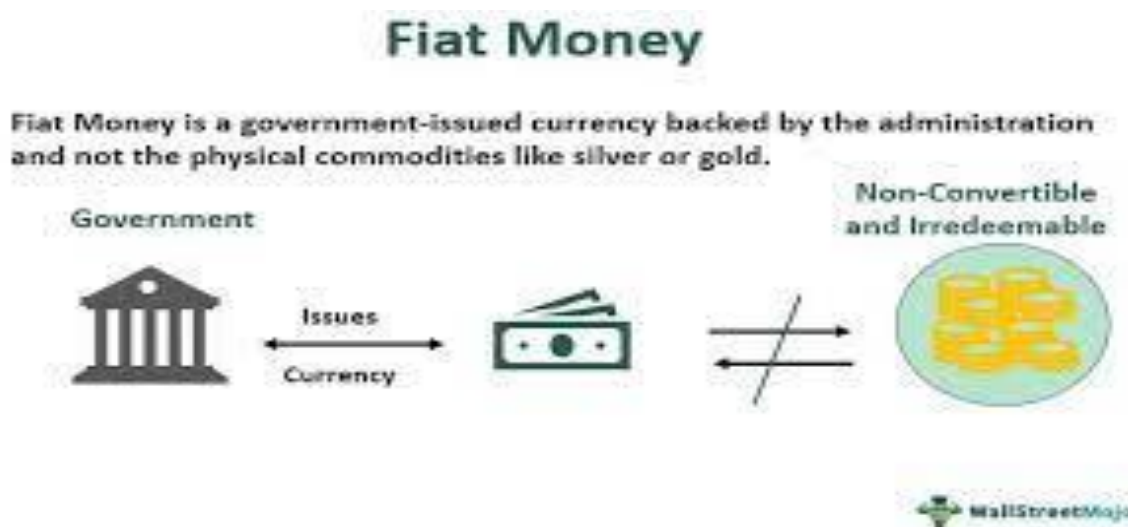
<i>Market</i> <i>Tender</i> <i>Receipts</i>	<i>Barter</i> <i>Fiat</i> <i>Ratio</i>	<i>Functions</i> <i>Authority</i> <i>Customers</i>	<i>Medium</i> <i>Value</i> <i>Trade</i>
<i>Shortage</i> <i>Export</i> <i>Currency</i>	<i>Coincidence</i> <i>Payment</i> <i>Account</i>	<i>Commodities</i> <i>Negotiations</i> <i>Transactions</i>	

Reading One. Read the Text. Underline the New Words from the Previous Section.

Money in an Economic System

Money facilitates market activities and is necessary for complex market systems. With money, people can avoid the problems associated with coincidence of wants. Among, these problems are the pricing of commodities. Prices stated in terms of all possible trading goods makes it difficult to determine what anything costs. In barter economies hours are spent in negotiating for even simple transactions, these hours are resources that could have been spent on other activities (therefore the hours of negotiations are the opportunity cost of a money economy). The functions of money include; medium of exchange, store of value, and a measure of worth, because money is acceptable as a form of payment or all commodities, barter is no longer needed. Money can be easily stored in a tin can or bank account, so commodities need not be stored and can be purchased when needed. Because money is acceptable in virtually all transactions, prices can be stated in terms of dollars or yen there by simplifying transactions substantially. In other words, money is the grease that lubricates any complex economic system. Fiat money is what is common in modern economic systems. Fiat money is money that is defined as legal tender by either a government or some organization with the authority to define legal tender. In the United States, the Federal Reserve System issues Federal Reserve Notes, which serve as the legal tender for the United States .The currency used here is backed by nothing except the faith of the general public that this money will be acceptable by everyone else with whom you could have an economic transaction. President Nixon in 1971 took the United States off of the gold standard. Up to that point of time the value of the dollar was expressed in some fixed ratio to the commodity – gold. The end result was the dollar had become seriously over-valued, and something had to be done so that American exports could resume to our trading partners. When the U.S. abandoned the gold

standard gold went from less than forty dollars an ounce, to over an ounce in a matter of weeks, thus illustrating the folly of pegging one's currency to the value of some commodity. Fiat money is not a new idea. Some European historians identify the first use of fiat money in Europe resulting from gold and silver smiths issuing their customers receipts for gold or silver left in their care. The receipts were commands over that gold and silver and began to trade as easily as the commodity itself, to the extent that the parties to the transaction knew of the smith and the note bearer. This trade in receipts dates back to the mid-fifteenth century. Hence, in this case the value of money is based on some mutual trust between the principles to these transactions. The first recorded use of fiat money, however, dates to three hundred years earlier in Asia. Because of the shortage of gold and silver to run the Mongol Empire, Genghis Kahn began to issue orders, in writing, that the written order was to be given deference as a specific amount of gold or silver. Genghis was known to be a nonsense sort of guy, and the violation of his decrees were clearly unhealthy acts. Therefore, these orders were the first fiat money recorded in history, and not backed by anything save the martial might of the Mongol Army. Perhaps, in retrospect, it is better that currency be acceptable on economic grounds than under threat of violence from a government





A. Based on the information given in the text select True, False, Not Given.

.....1- Money facilitates market activities and is necessary for complex market systems.

.....2- Fiat money is what is common in modern economic systems.

.....3- The first recorded use of fiat money dates to 3000 years earlier in Asia.

.....4- Barter is acceptable as a form of payment, so money is no longer needed.

.....5- Pricing of commodities is a problem of coincidence of wants.

B. Select the best answer for the items below. Refer to the text to check your answers.

1- Which sentence is true?

A) Money facilitates market activities but is not necessary for complex market systems

B) Without money, people can avoid the problems associated with coincidence of wants.

- C) Pricing of commodities is a problem of coincidence of wants.
- D) In barter economies hours are wasted on unnecessary negotiations.

2- Which one is not a function of money? Money is a.....

- A) measure of worth
- B) store of value
- C) market facilitator
- D) medium of exchange

3- Which expression is wrong about fiat money?

- A) It is common in modern economic systems.
- B) It is the currency used and acceptable by everyone having economic transaction in society.
- C) It is backed up only by general public currently.
- D) It is the legal tender.

4- Why did President Nixon take the U.S.A off of the gold standard?

- A) Because the value of the dollar was in a fixed ratio.
- B) Because the dollar had become seriously over-valued.
- C) To help American exports resume to their trading partners.
- D) To decrease the value of gold.

5- Barter is a system that historically existed since the beginnings of time. Why has barter been displaced by more modern systems?

- A. The coincidence of wants makes exchange complicated
- B. The coincidence of wants no longer exists in the world's economy
- C. Gold and silver are now in plentiful supply so that money can be used

D. None of the above

D. None of the above

C. Answer the following questions and discuss them in the class.

1. Does really money facilitate market activities?
2. Which function of money is the most important?
3. If the dollar gains value with respect to the Euro what would happen to the import and export?
4. What department issues Reserve Notes in Uzbekistan?
5. Do you agree with the history of fiat money?

Vocabulary Loading

A. Using the words given in the box, find pairs from the passage.

Example: *Barter- Barter economy*

1. Market	6. Ratio	11. Value	16. Coincidence
2. Tender	7. Functions	12. Trade	17. Shortage
3. Receipt	8. Authority	13. Payment	18. Currency
4. Barter	9. Customer	14. Export	19. Commodities
5. Fiat	10. Medium	15. Account	20. Negotiations
			21. Transaction

B. Match the words from part A with their synonyms.

<i>A) Deals</i>	<i>H) Business place</i>	<i>O) Use</i>
<i>B) Invoice</i>	<i>I) Currency</i>	<i>P) Government</i>
<i>C) Legal tender</i>	<i>J) Order, legal tender</i>	<i>Q) Scarcity</i>
<i>D) Proportions</i>	<i>K) Goods</i>	<i>R) Means, method</i>
<i>E) Buyer</i>	<i>L) Discussions</i>	<i>S) Transmit</i>
<i>F) Exchange</i>	<i>M) Goods exchange</i>	<i>T) Price, worth</i>
<i>G) Financial record</i>	<i>N) Coexistence</i>	<i>U) Remittance</i>

C. Find matching pairs. Translate them into Uzbek.

Part 1	Part 2	Pairs	Translation
Market	The problems		
Avoid	Activities		
Pricing of	Wants		
Coincidence of	Commodities		
Trading	Economy		
Barter	Goods		
Money	Economy		
Hours of	Exchange		
Functions of	Negotiations		

Medium of	Money		
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Part 1	Part 2	Pairs	Translation
Store of	Tender		
Measure of	Value		
Form of	Worth		
Bank	Public		
Legal	Payment		
Reserve	Ratio		
General	Partners		
Fixed	Commodity		
Trading	Notes		
Value of	Account		

D. Pair Work. Fill in the blanks using the proper words from the previous section.

1. With money people can avoid the problems associated withwants.
2. Because money is acceptable as a payment for all commodities, barter is no longer needed.
3. The end result was the dollar had become seriously over-valued, and something had to be done so that American exports could resume to ourpartners.
4. Some European historians identify the first use of fiat money in Europe resulting from gold and silver smiths issuing their receipts for gold or silver left in their care.
5. Genghis was known to be a nonsense sort of guy, and the violation of hiswere clearly unhealthy acts.

Grammar. Simple present passive.

2.1 Fill in the blanks with the correct form of the verbs from the reading one.

<i>Spend, Facilitate, State, Purchase, Express, Begin, Give, Do, Back, Define</i>
--

1. Money market activities and is necessary for complex market systems.
2. In barter economies hours in negotiating for even simple transactions, these hours are resources that could have been spent on other activities.
3. Money can be easily stored in a tin can or bank account, so commodities need not be stored and can when needed.
4. Fiat money is money that as legal tender by either a government or some organization with the authority to define legal tender.
5. The currency used here by nothing except the faith of the general public that this money will be acceptable by everyone else with whom you could have an economic transaction.
6. Up to that point of time the value of the dollarin some fixed ratio to the commodity – gold.
7. Because of the shortage of gold and silver to run the Mongol Empire, Genghis Kahn began to issue orders, in writing, that the written order was to deference as a specific amount of gold or silver.
8. Because money is acceptable in virtually all transactions, prices can..... in terms of dollars or yen thereby simplifying transactions substantially.
9. The end result was the dollar had become seriously over-valued, and something had to so that American exports could resume to our trading partners.
10. Because of the shortage of gold and silver to run the Mongol Empire, Genghis Kahn to issue orders

In scientific and academic texts when the author is writing the passage uses plenty of passive verbs. The reason is, in passive voice the doer, performer or narrator is not important, but the action and the text are. And in academic texts the text and its information are reliable not the writer.

Form of Passive

Subject + finite form of to be + Past Participle

How to change active into passive

the object of the active sentence becomes the subject of the passive sentence

the verb is changed (to be + past participle)

the subject of the active sentence becomes the object of the passive sentence (or is dropped)

Tense Subject Verb Object

Active An economist defines fiat money

Passive Fiat money is defined by an economist

In the example above, it is not necessary to say who defines fiat money; it is clear that the definition of fiat money is important. So, you find the passive structure in the text not the active.

Grammar: Adjectives and Adverbs

Grammar: Circle ALL correct answers to complete the grammar rules below.

- 1) Adjectives (e.g. effective, adventurous and pragmatic) are used to better describe nouns /verbs / other adjectives.
- 2) Adverbs (e.g. effectively, adventurously and pragmatically) are used to better describe nouns / verbs / adjectives.
- 3) Most, but not all, adverbs are formed by just adding ed / ly / ing to the end of adjectives.
- 4) Adjectives typically come right before nouns / right after nouns / somewhere after the verb “to be”.
- 5) Adverbs may come at the beginning of a sentence / after a helping verb (e.g. “will”) / after an object / before the main verb / after the main verb.
- 6) To form the comparative form of one-syllable adjectives / two-syllable adjectives /adverbs just add an –er at the end.
- 7) To form the comparative form of one-syllable adjectives / two-syllable adjectives / adverbs just add a more or less before the word.
- 8) To form the superlative form of one-syllable adjectives / two-syllable adjectives / adverbs just add an –est at the end.
- 9) To form the superlative form of one-syllable adjectives / two-syllable adjectives / adverbs just add a most or least before the word.

Grammar: Complete the table below.

ADJECTIVE	ADVERB	COMPARATIVES	SUPERLATIVES
		higher / more highly	
	often		
	inefficiently		
frequent			
		worse	
	likely		
			Most typical/most typically
	well		
friendly			

Grammar: Complete the diagram below with the *frequency adverbs* provided.

often, always, rarely, sometimes, never, usually, occasionally

0% of the time 100% of the time

_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____

Grammar: Choose the grammatically correct sentence in each case.

A) *A good leader learns more fastly than most people.*

B) *A good leader learns faster than most people.*

A) *The bestest leaders always tell the truth.*

B) *The best leaders always tell the truth.*

A) *Losing the trust of your team members makes you a worse leader.*

B) *Losing the trust of your team members makes you a badder leader.*

A) *An ambitious person often leads more effective.*

B) *An ambitious person often leads more effectively.*

A) *A good leader makes sure that his or her team members cooperate good.*

B) *A good leader makes sure that his or her team members cooperate well.*

A) *Good leaders lose their cool less oftenly.*

B) *Good leaders lose their cool less often.*

A) *Even good leaders make simply mistakes.*

B) *Even good leaders make simple mistakes.*

A) *The leader of a group is usually the more confident person in the group.*

B) *The leader of a group is usually the most confident person in the group.*

A) *A leadership training course won't help you become most confident.*

B) *A leadership training course won't help you become more confident.*

A) A good leader is typically more assertive and decisive than a bad leader.

B) A good leader is typically more assertive and decisive than a bad leader.

A) The best leaders feel bad when their team is unhappy.

B) The best leaders feel badly when their team is unhappy.

A) The less important traits of a good leader are his or her gender and race.

B) The least important traits of a good leader are his or her gender and race.

A) Good leaders can attain the more high positions in an organization.

B) Good leaders can attain the highest positions in an organization.

Reading Two

Foreign Exchange

International economic relations also depend, in large measure, on monetary issues. You are unlikely to accept the Turkish Lira in payment for your wages in this country, simply because you can't easily use that money to buy anything. You want U.S. dollars in payment for your services, because you can easily spend the dollar. Countries act the same way you do. There are currencies that virtually everyone accepts as payment, and those widely accepted currencies are called hard currency. The currency of the big, developed, high income economies are the hard currencies – U.S. dollar, Japanese Yen, Canadian dollar, British Pound and the E.E.U.s' Euro. Prior to the Euro, there were seven countries whose currencies were considered hard currencies. In addition to the U.S., Japan, Canada, and the United Kingdom, the French Franc, German Mark, and Italian Lira were also considered hard currencies. These seven nations are called the G-7 countries because the size and strength of their economies made them the leading economic forces on the planet, and their currencies the most accepted. The relative value of currency is

called the exchange rate. For example, one U.S. dollar may buy 109 Japanese Yen but only .85 Euros. It is these currency exchange rates that, in large measure, determine net exports and foreign investment in the U.S. As the dollar gains strength, i.e., goes from 109 Yen to the dollar to 120 Yen to the dollar, then imports¹³ are cheaper. If at 110 Yen to the dollar a particular¹⁴ Japanese car costs \$20,000 that is also 2.2 million Yen. If the dollar gains strength, and it can now purchase 125 Yen per¹⁵ dollar, then that 2.2 million Yen car is only \$17,600. As can be readily seen the strong dollar give the American consumer an advantage in buying imports. If the dollar becomes weak then that advantage turns to disadvantage. Going back to the example above, if the 2.2 million Yen vehicle was available at \$17,600 at 125 Yen per dollar, the additional cost of \$2400 would be observed if the dollar could only purchase 110 Yen. The same sort²⁰ of analysis applies to American exports. With an expensive dollar it is hard to sell American goods abroad. If the Mexican Peso will buy 10 cents, we may be able to sell some goods in Mexico, however if the dollar becomes stronger and Mexicans can only get 5 cents per peso, we will observe a marked decline in exports to Mexico. Currency also impacts foreign investment. If our Mexican friends invest 2 million pesos in the U.S. when the peso buys 10 cents (\$200,000), and then suddenly the peso becomes worth 25 cents (\$500,000) the foreign investor just made 250% on his investment simply because the U.S. dollar weakened with respect²⁸ to the Mexican peso. On the other hand, if the Mexican investor bought dollars at 25 cents per peso and over a year the dollar fell to 10 cents per peso, his investment went from \$500,000 to only 40% of his original investment. In other words, foreign investment becomes more attractive with strength in the host countries' currency. A strong dollar policy means that the government will undertake policies that will increase the value of the dollar with respect to other currencies. Contractionary fiscal and monetary policies are typically associated with strong dollar policy and is properly the subject of the next course (macroeconomics). Strength a nation's currency is typically a reflection of its strong economy and

institutions. The relative supply and demand for a currency will also impact the currency exchange rates.

Enhancing Your Vocabulary

1- Match the words on the left with their synonyms on the right.

Find their Persian equivalents with your partner.

Words Definitions	
1. Strength	a. Financial
2. Monetary	b. Power
3. Income	c. Rising prices
4. Net	d. Benefit
5. Foreign	e. Components, Parts
6. Decline	f. Respective, proportional
7. Relative	g. Reduction
8. Constituents	h. Overseas
9. Advantage	i. After deductions
10. Inflation	j. Earnings

2. Translate the text into Uzbek.

Strong dollar policies promote the importation of goods and services from abroad, and foreign investment in our domestic enterprises. On the other hand, a weak dollar policy promotes the exportation of goods and services abroad, and U.S. investment overseas. Often, the international aspects of domestic monetary and fiscal policies are less important than political consideration in the U.S. or policy consideration concerning unemployment or inflation. However, one must always remember that lobbyists and special interest groups are quick to point-out to policy

makers the advantages and disadvantage of either policy for their constituents back home.

3. Fill in the blanks with the correct form of the verbs from Reading Two.

Mean	Promote	Depend	Undertake	Impact
Observe	See	Call	Consider	Accept

1. There are currencies that virtually everyone As payment, and those widely accepted currencies are called hard currency.
2. Prior to the Euro, there were seven countries whose currencies.... hard currencies.
3. The relative value of currency the exchange rates.
4. As can readily the strong dollar give the American consumer an advantage in buying imports.
5. If the 2.2 million Yen vehicle was available at \$17,600 at 125 Yen per dollar, the additional cost of \$2400 if the dollar could only purchase 110 Yen.
6. Currency also foreign investment.
7. A strong dollar policy means that the government policies that will increase the value of the dollar with respect to other currencies.
8. Learning economic reasoning learning how to think as an economist.
9. Strong dollar policies the importation of goods and services from abroad, and foreign investment in our domestic enterprises.
10. International economic relations also, in large measure, on monetary issues.

UNIT 3. LABOR AND FINANCIAL MARKETS



UNIT FOCUS:

- **Reading 1: Introduction to Labor and Financial Markets**
- **Vocabulary: Collocations**
- **Grammar: Present Perfect**
- **Reading 2: Why Are Demand and Supply Curves Important?**

Related words

<i>Financial</i> <i>Expense Salary</i>	<i>Labor</i> <i>Saving</i> <i>Hire</i>	<i>Employee</i> <i>Borrowing</i> <i>Demander</i>	<i>Firm</i> <i>Loan</i> <i>Wage</i>
<i>Policy</i> <i>Process</i> <i>Average</i>	<i>Employment</i> <i>Education</i> <i>Alternatives</i>	<i>Interest Rate</i> <i>Rate of Return</i> <i>Misallocation</i>	

Reading One. Read the Text. Underline the New Words from the Previous section.

Introduction to Labor and Financial Markets

The theories of supply and demand do not apply just to markets for goods. They apply to any market, even markets for financial services like labor and financial investments. Labor markets are markets for employees or jobs. Financial services markets are markets for saving or borrowing. When we think about demand and supply curves in goods and services markets, it is easy to picture who the demanders and suppliers are: businesses produce the products and households buy them. Who are the demanders and suppliers in labor and financial service markets? In labor markets job seekers (individuals) are the suppliers of labor, while firms and other employers who hire labor are the demanders for labor. In financial markets, any individual or firm who saves contributes to the supply of money, and any who borrows (person, firm, or government) contributes to the demand for money. As a college student, you most likely participate in both labor and financial markets. Employment is a fact of life for most college students: In 2011, says the BLS, 52% of undergraduates worked part time and another 20% worked full time. Most college students are also heavily involved in financial markets, primarily as borrowers. Among full-time students, about half take out a loan to help finance their education each year, and those loans average about \$6,000 per year. Many students also borrow for other expenses, like purchasing a car. In the labor market, households are on the supply side of the market and firms are on the demand side. In the market for financial capital, households and firms can be on either side of the market: they are suppliers of financial capital when they save or make financial investments and demanders of financial capital when they borrow or receive financial investments. In the demand and supply analysis of labor markets, the price can be measured by the annual salary or hourly wage



received. The quantity of labor can be measured in various ways, like number of workers or the number of hours worked. Factors that can shift the demand curve for labor include: a change in the quantity demanded of the product that the labor produces; a change in the production process that uses more or less labor; and a change in



government policy that affects the quantity of labor that firms wish to hire at a given wage. Demand can also increase or decrease (shift) in response to: workers' level of education and training, technology, the number of companies, and availability and price of other inputs. The main factors that can shift the supply curve for labor are: how desirable a job appears to workers relative to the alternatives, government policy that either restricts or encourages the quantity of workers trained for the job, the number of workers in the economy, and required education. In the demand and supply analysis of financial markets, the "price" is the rate of return or the interest rate received. The quantity is measured by the money that flows from those who supply financial capital to those who demand it. Two factors can shift the supply of financial capital to a certain investment: if people want to alter their existing levels of consumption, and if the riskiness or return on one investment changes relative to other investments. Factors that can shift demand for capital include business confidence and consumer confidence in the future—since financial investments received in the present are typically repaid in the future. The market price system provides a highly efficient mechanism for disseminating information about relative scarcities of goods, services, labor, and financial capital. Market participants do not need to know why prices have changed, only that the changes require them to revisit previous decisions they

made about supply and demand. Price controls hide information about the true scarcity of products and thereby cause misallocation of resources.

A. Based on the information given in the text select True, False, Not Given.

.....1- Market participants do not need to know why prices have changed.

.....2- Financial services markets are markets for saving or borrowing.

.....3- In the labor market, households are on the supply side of the market.

.....4- The quantity of labor can be measured in various ways.

.....5- Price controls cause misallocation of resources.

B. Select the best answer for the items below. Refer to the text to check your answers.

1- Which of the following changes in the financial market will lead to a decline in interest rates:

- A) A rise in demand
- B) A fall in demand
- C) A rise in supply
- D) A fall in supply

2- Which of the following changes in the financial market will lead to an increase in the quantity of loans made and received:

- A) A rise in demand
- B) A fall in demand
- C) A rise in supply
- D) A fall in supply

3- Which one is the definition of market by Adam Smith?

- A) A mystical integration
- B) An invisible hand
- C) A determined price
- D) A mystical interaction

4- Which item is not one of the main factors that can shift the supply curve for labor?

- A) How desirable a job appears to workers relative to the alternatives
- B) The law of demand
- C) The number of workers in the economy, and required education.
- D) Government policy that only restricts the quantity of workers trained for the job

5- Which factor can shift the supply of financial capital to a certain investment?

- A) If people want to alter their exciting levels of consumption
- B) If people want to alter their current levels of consumption
- C) If the riskiness or return on one investment changes constantly
- D) If the riskiness or return on one investment changes relative to their investments

6- Which factor can shift demand for capital?

- A) Business confidence
- B) Consumer confidence
- C) Financial investments
- D) All of the above

7- Where is the place of households in the labor market?

- A) On the supply side of the market
- B) On the demand side of the market
- C) On either side of the market
- D) On no side of the market

8- Answer the following questions and discuss them in the class.

1. In the labor market, what causes a movement along the demand curve? What causes a shift in the demand curve?
2. In the labor market, what causes a movement along the supply curve? What causes a shift in the supply curve?
3. In the financial market, what causes a movement along the supply curve? What causes a shift in the supply curve?

4. In the financial market, what causes a movement along the demand curve? What causes a shift in the demand curve?

Vocabulary Loading

A. Using the words given in the box find the right collocation from the passage.

Example: Apply- Theories apply to markets for goods

1. Apply	8. employer	15. Receive	22. Work
2. Picture	9. Relative	16. Provides	23. Loan
3. Demand	10. Contribute	17. As	24. Fact
4. Interest	11. Involved	18. Flow	25. Analysis
5. Produce	12. Confidence	19. Rate	26. Require
6. Mechanism	13. Borrow	20. Shift	27. Either side
7. Participate	14. Cause	21. Alter	28. Disseminating

B. Find matching pairs. Translate them into Uzbek.

Part 1	Part 2	Pairs	Translation
Job	Services	.	
Financial	Seekers		
Saving or	Firm		
Individual or	Borrowing		
Heavily	Student		
Full time	Involved		
Demanders and	A Loan		
Take out	Suppliers		
Per	Expenses		

Borrow for	Year		
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Work	Part time		
Hire	Salary		
A fact of	Side		
Financial	Labor		
On the	Life		
Borrow or	Wage		
Annual	Ways		
Hourly	Process		
Various	Receive		
Production	Investment		

D. Pair Work. Fill in the blanks using the proper words from the previous section.

1. In the demand and supply analysis of financial markets, the “price” is the or the interest rate received.
2. do not need to know why prices have changed
3. Price controls hide information about the true scarcity of products and thereby cause
4. The market price system provides a highly efficient mechanism for about relative scarcities of goods,

5. Factors that can shift demand for capital include..... and consumer confidence in the future.

Grammar. Fill in the blanks with the correct form of the verbs from the reading one.

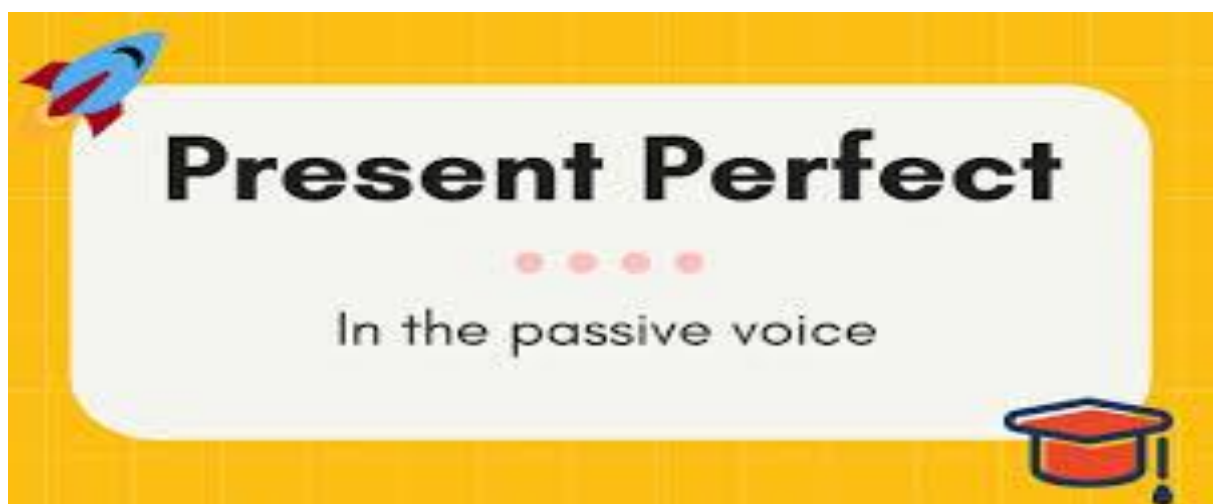
Finance, Picture, Restrict, Flow, Change, Affect, Hide, Appear, Require, Measure, Apply

1. The theories of supply and demand do notjust to markets for goods.
2. When we think about demand and supply curves in goods and services markets, it is easywho the demanders and suppliers are:
3. In the demand and supply analysis of labor markets, the price canby the annual salary or hourly wage received.
4. Among full-time students, about half take out a loan to helptheir education each year, and those loans average about \$6,000 per year.
5. The main factors that can shift the supply curve for labor are: how desirable a job to workers relative to the alternatives, government policy that either or encourages the quantity of workers trained for the job.
6. A change in the production process that uses more or less labor; and a change in government policy that the quantity of labor that firms wish to hire at a given wage.
7. The quantity is measured by the money that from those who supply financial capital to those who demand it.
8. Market participants do not need to know why prices
9. Changes market participants to revisit previous decisions they made about supply and demand.

10. Price controls information about the true scarcity of products and thereby cause misallocation of resources.



Grammar Handling





Present perfect is a grammatical combination of the present tense and the perfect aspect that is used to express a past event that has present consequences.

Subject	Auxiliary verb	Main verb
Prices	Have	Changed

The sentence “Market participants do not need to know why prices have changed” from the passages says that the price changing process started before and the process or the result of this change is still present.

Write the verbs in the Present Perfect Simple Passive.

Example: Someone has cleaned the room.

The room has been cleaned.

1. Someone has written an anonymous letter.

An anonymous letter

2. Someone has stolen my money.

My money

3. Someone has watered the plants.

The plants

4. Someone has peeled the oranges.

The oranges

5. They have not mended the toy yet.

The toy yet.

6. They have not fixed the computer yet.

The computer yet.

7. They have accused the man of stealing the car.

The man of stealing the car.

8. They have not faxed her the details yet.

The details to her yet.

9. Have they posted the letters yet?

..... the letters yet?

10. Has he scrubbed the floor yet?

..... the floor yet?

11. Has he fed the animals yet?

..... the animals yet?

12. Have they sent you the bill yet?

..... you the bill yet?

Answers.

Example: Someone has cleaned the room.

The room has been cleaned.

1. Someone has written an anonymous letter.

An anonymous letter has been written.

2. Someone has stolen my money.

My money has been stolen.

3. Someone has watered the plants.

The plants have been watered.

4. Someone has peeled the oranges.

The oranges have been peeled.

5. They have not mended the toy yet.

The toy has not been mended yet.

6. They have not fixed the computer yet.

The computer has not been fixed yet.

7. They have accused the man of stealing the car.

The man has been accused of stealing the car.

8. They have not faxed her the details yet.

The details have not been faxed to her yet.

9. Have they posted the letters yet?

Have the letters been posted yet?

10. Has he scrubbed the floor yet?

Has the floor been scrubbed yet?

11. Has he fed the animals yet?

Have the animals been fed yet?

12. Have they sent you the bill yet?

Have you been sent the bill yet?

Reading Two. Fill in the blanks using the appropriate words.

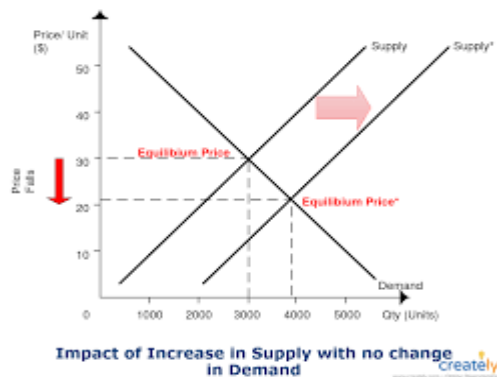
Ceilings Result Supplied Falling Equilibrium Surpluses Consequences

Price prevent a price from rising above a certain level. When a price ceiling is set below the price, quantity demanded will exceed quantity....., and excess demand or shortages will..... Price floors prevent a price from below a certain level. When a price floor is set

above the equilibrium price, quantity supplied will exceed quantity demanded, and excess supply orwill result. Price floors and price ceilings often lead to unintended

Read the text.

Why are demand and supply curves important?



The demand and supply model are a fundamental diagram for a course of Economics. Just as it would be foolish to try to learn the arithmetic of long division by memorizing every possible combination of numbers that can be divided by each other, it would be foolish to try to memorize every specific example of

demand and supply in this chapter, this textbook, or this course. Demand and supply are not primarily a list of examples; it is a model to analyze prices and quantities. Even though demand and supply diagrams have many labels, they are fundamentally the same in their logic. Your goal should be to understand the underlying model so you can use it to analyze any market. The figure below displays a generic demand and supply curve. The horizontal axis shows the different measures of quantity: a quantity of a good or service, or a quantity of labor for a given job, or a quantity of financial capital. The vertical axis shows a measure of price: the price of a good or service, the wage in the labor market, or the rate of return (like the interest rate) in the financial market.

The demand and supply model can explain the existing levels of prices, wages, and rates of return. To carry out such an analysis, think about the quantity that will be demanded at each price and the quantity that will be

supplied at each price—that is, think about the shape of the demand and supply curves—and how these forces will combine to produce equilibrium. Demand and supply can also be used to explain how economic events will cause changes in prices, wages, and rates of return. There are only four possibilities: the change in any single event may cause the demand curve to shift right or to shift left; or it may cause the supply curve to shift right or to shift left. The key to analyzing the effect of an economic event on equilibrium prices and quantities is to determine which of these four possibilities occurred. The way to do this correctly is to think back to the list of factors that shift the demand and supply curves. Note that if more than one variable is changing at the same time, the overall impact will depend on the degree of the shifts; when there are multiple variables, economists isolate each change and analyze it independently.

Enhancing Your Vocabulary

1- Match the words on the left with their synonyms on the right. Find their Persian equivalents with your partner.

Words Definitions	
1. Fundamental	a. Effect
2. Diagram	b. The state which the quantity demanded equals the quantity supplied.
3. Vertical axis	c. A shape defined by one or more lines in two dimensions or one or more surfaces in three dimensions.
4. Generic demand	d. When there are various variables in one equation.

5. Horizontal axis	e. The separation of numbers
6. Divisions	f. The X axis on a graph.
7. Multiple variable	g. The Y axis on a graph.
8. Figure	h. Primary demand
9. Equilibrium	i. A schematic representation, A drawing
10. Impact	j. Forming a necessary base or core; central importance

2- Translate the text into Uzbek.

The demand and supply model can explain the existing levels of prices, wages, and rates of return. To carry out such an analysis, think about the quantity that will be demanded at each price and the quantity that will be supplied at each price—that is, think about the shape of the demand and supply curves—and how these forces will combine to produce equilibrium. Demand and supply can also be used to explain how economic events will cause changes in prices, wages, and rates of return. There are only four possibilities: the change in any single event may cause the demand curve to shift right or to shift left; or it may cause the supply curve to shift right or to shift left. The key to analyzing the effect of an economic event on equilibrium prices and quantities is to determine which of these four possibilities occurred.

3- Fill in the blanks with the correct form of the verbs from Reading Two.

Display	Analyze	Understand	Use	Divide
Supply	Explain	Combine	Be	Change

1. It would be foolish to try to learn the arithmetic of long division by memorizing every possible combination of numbers that can by each other.

2. It foolish to try to memorize every specific example of demand and supply in this chapter, this textbook, or this course.
3. Your goal should be the underlying model so you can use it to analyze any market.
4. The demand and supply model can the existing levels of prices, wages, and rates of return.
5. The figure below a generic demand and supply curve.
6. To carry out such an analysis, think about the quantity that will be demanded at each price and the quantity that at each price
7. The key the effect of an economic event on equilibrium prices and quantities is to determine which of these four possibilities occurred.
8. Think about the shape of the demand and supply curves—and how these forces to produce equilibrium.
9. Demand and supply can also to explain how economic events will cause changes in prices, wages, and rates of return.
10. If more than one variable at the same time, the overall impact will depend on the degree of the shifts

[illegible]

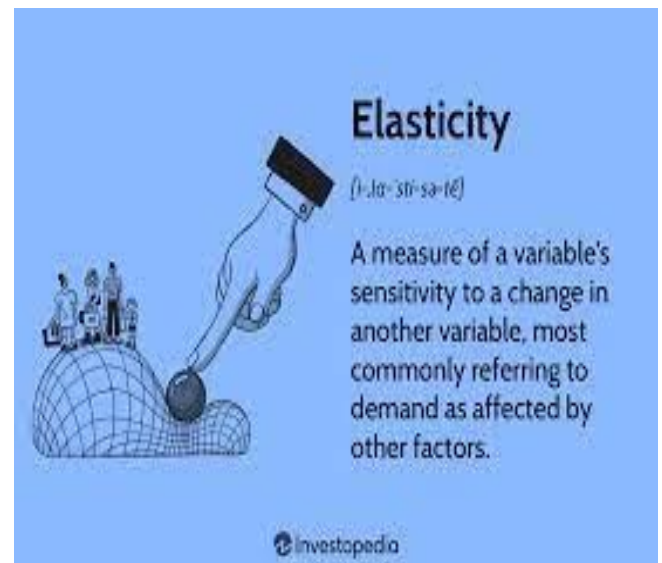
- **Reading 1: Introduction to Elasticity**
- **Reading strategy: Answering Question**
- **Vocabulary: Synonyms**
- **Grammar: Present Simple: third person**
- **Reading 2: Is the elasticity the Slop?**

<i>Elastic</i>	<i>Constant</i>	<i>Supply</i>	<i>Elasticity</i>	<i>Cross-priced</i>
<i>Infinite</i>	<i>Elastic</i>	<i>Incidence</i>	<i>Zero</i>	<i>Inelasticity</i>
<i>Price</i>	<i>Unitary</i>	<i>Demand</i>	<i>Tax</i>	<i>Of Saving</i>

51

Introduction to Elasticity

Anyone who has studied economics knows the law of demand: a higher price will lead to a lower quantity demanded. What you may not know is how much lower the quantity demanded will be. Similarly, the law of supply shows that a higher price will lead to a higher quantity supplied. The question is: How much higher? This chapter will explain how to



answer these questions and why they are critically important in the real world. To find answers to these questions, we need to understand the concept of elasticity. Elasticity is an economics concept that measures responsiveness of one variable to changes in another variable. Suppose you drop two items from a second-floor balcony. The first item is a tennis ball. The second item is a brick. Which will bounce higher? Obviously, the tennis ball will. We would say that the tennis ball has greater elasticity. Consider an economic example. Cigarette taxes are an example of a “sin tax,” a tax on something that is bad for you, like alcohol. Cigarettes are taxed at the state and national levels. State taxes range from a low of 17 cents per pack in Missouri to \$4.35 per pack in New York. The average state cigarette tax is \$1.51 per pack. The 2014 federal tax rate on cigarettes was \$1.01 per pack, but in 2015 the Obama Administration proposed raising the federal tax nearly a dollar to \$1.95 per pack. The key question is: How much would cigarette purchases decline¹¹? Taxes on cigarettes serve two purposes¹²: to raise tax revenue for government and to discourage consumption of cigarettes. However, if a higher cigarette tax discourages consumption by quite a lot, meaning a greatly reduced quantity of cigarettes is sold, then the cigarette tax on each pack will not raise much revenue for the government. Alternatively, a higher cigarette tax that

does not discourage consumption by much will actually raise more tax revenue for the government. Thus, when a government agency tries to calculate the effects of altering its cigarette tax, it must analyze how much the tax affects the quantity of cigarettes consumed. This issue reaches beyond governments and taxes; every firm faces a similar issue. Every time a firm considers raising the price that it charges, it must consider how much a price increase will reduce the quantity demanded of what it sells. Conversely, when a firm puts its products on sale, it must expect (or hope) that the lower price will lead to a significantly higher quantity demanded. Price Elasticity of Demand and Price Elasticity of Supply Price elasticity measures the responsiveness of the quantity demanded or supplied of a good to a change in its price. It is computed as the percentage change in quantity demanded (or supplied) divided by the percentage change in price. Elasticity can be described as elastic (or very responsive), unit elastic, or inelastic (not very responsive). Elastic demand or supply curves indicate that quantity demanded or supplied respond to price changes in a greater than proportional manner. An inelastic demand or supply curve is one where a given percentage change in price will cause a smaller percentage change in quantity demanded or supplied. A unitary elasticity means that a given percentage changes in price leads to an equal percentage change in quantity demanded or supplied.

A. Based on the information given in the text select True, False, Not Given

.....1- Elasticity is an economics concept that measures responsiveness of one variable changes in another variable.

.....2- The tax incidence depends on the relative price plasticity of supply and demand.

.....3 Demands and supply often tend to be relatively inelastic in the long run and relatively elastic in the short run.

.....4- An inelastic demand or supply curve is one where a given percentage change in price will cause a larger percentage change in quantity demanded or supplied.

.....5- Taxes on cigarettes serve two purposes: to raise tax revenue for government and to discourage consumption of cigarettes.

B. Select the best answer for the items below. Refer to the text to check your answers.

1- Which sentence is true?

- A) The law of supply indicated that a higher price will lead to a lower quantity supplied.
- B) State taxes are an example of a “sin tax,” a tax on something that is bad for you, like alcohol.
- C) Price elasticity measures the responsiveness of the quantity demanded or supplied of a product to a change in its price.
- D) Perfect elasticity refers to the extreme case in which percentage change in price, no matter how large, results in zero change in quantity.

2- According to the passage which one is a purpose of taxes on cigarette? The purpose of taxes on cigarette is to.....

- A) Decline smoking rate
- B) Slow down the price of cigarette
- C) Raise tax revenue for government
- D) Produce improvements in public places

3- Which one is true about “sin taxes”?

- A) Sin taxes law is levied by people.
- B) They are taxes on something that is bad for you, like alcohol.
- C) Sin taxes levied to certain goods which are not so harmful.
- D) Sin taxes include bad habits.

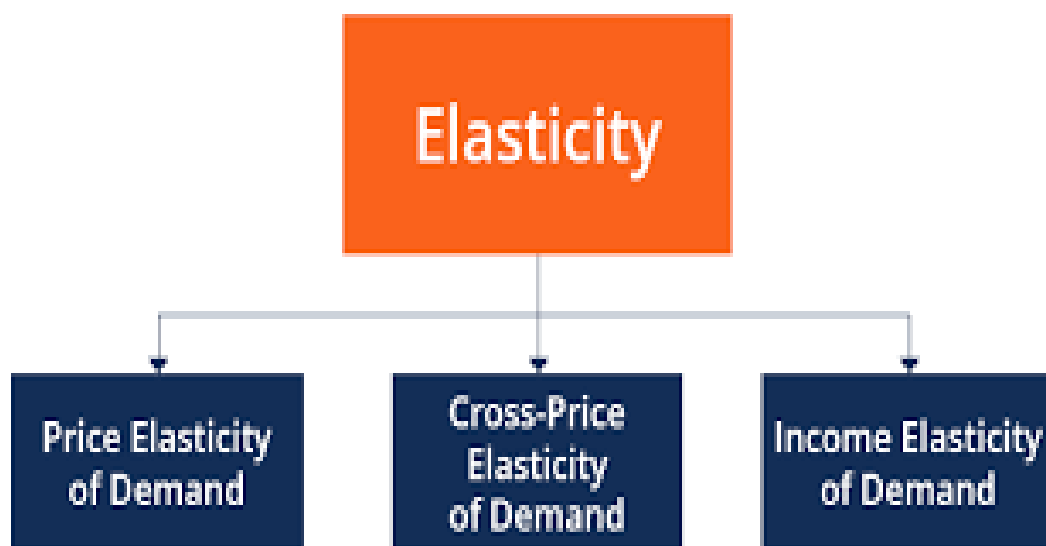
4- What is infinite Elasticity?

- A) It is a situation where a price change of one percent results in a quantity change of one percent.
- B) Infinite or perfect elasticity refers to the extreme case where either the quantity demanded or supplied changes by an infinite amount in response to any change in price at all.
- C) It is computed as the percentage change in quantity demanded.
- D) None of above.

5- An inelastic demand or supply curve is.....

- A. when price factors have a small effect on the quantity consumers want to buy
- B. One where a given percentage changes in price will cause a smaller percentage change in quantity demanded
- C. When the supply is more than demand, and buyers bear less of the tax burden
- D, None of the above

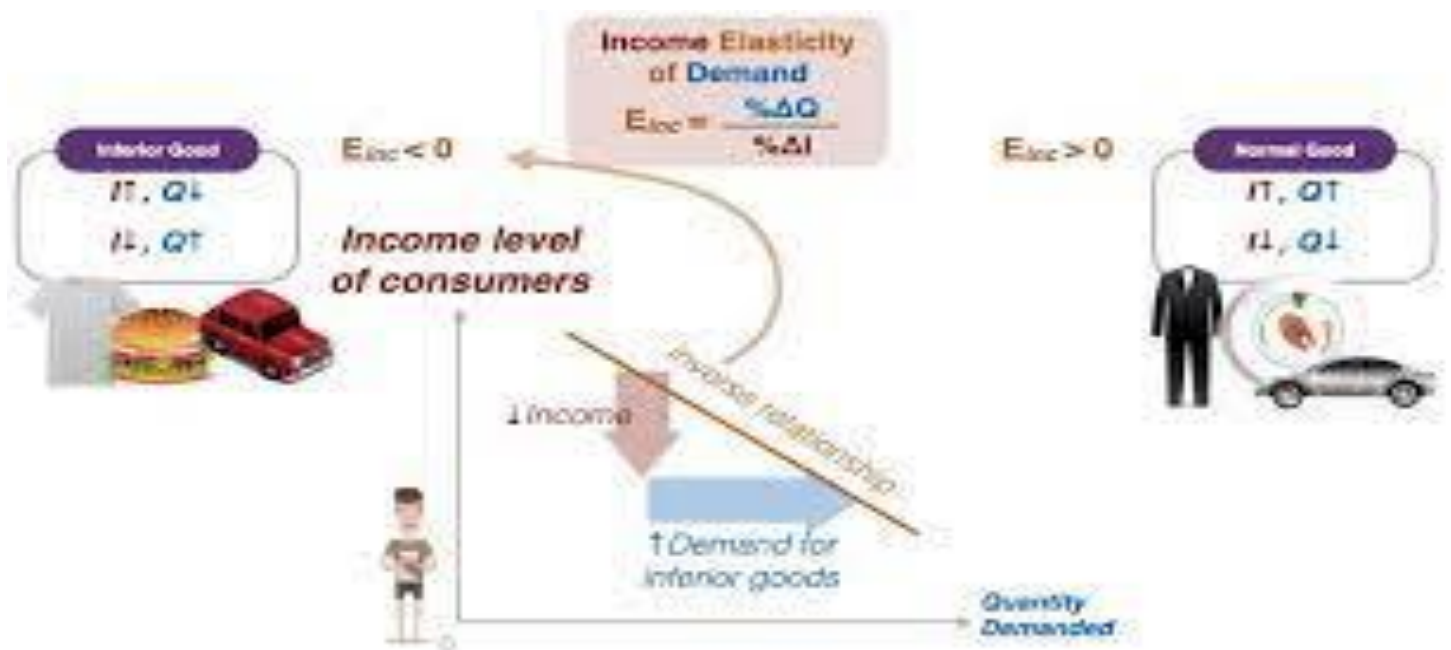
D. Look at the pictures. Using the information in the text, discuss them in class. You may choose as a topic and write a composition (optional).



Price Elasticity



Inelastic Demand



Vocabulary Loading

A. Using the words given in the box find pairs from the passage.

Example: constant- constant unitary

1.elastic	5.elastic	9.Demand	13. Elasticity
2.Infinite	6.unitary	10.Elasticity	14.Of saving
3.price	7. Supply	11.Zero	15.Inelasticity
4.constant	8.Incidence	12.Tax	16. Cross-price

B. Match the words from part A with their synonyms.

<i>A) The degree to which a demand or supply is sensitive to change in price or income</i>	<i>H) Perfect</i>
<i>B)The amount of money expected or given in payment for something</i>	<i>I) None</i>
<i>C) A compulsory contribution levied by the government on workers' income and business</i>	<i>J)One</i>
<i>D)An economy of or reduction in money</i>	<i>K)Occurrence</i>
<i>E) Sensitive to changes in price or income</i>	<i>L)Provide</i>
<i>F)Insensitive to change in price or income</i>	<i>M)Request</i>
<i>G) A situation that doesn't change</i>	<i>O) Reciprocal--price</i>

C. Find matching pairs. Translate them into Uzbek.

Part 1	Part 2	Pairs	Translation
Inelasticity	Elasticity		
Of saving	Zero		
Tax	Supply		
Demand	Incidence		
Elastic	Constant		
Unitary	Price		
Cross-price	Elasticity		
Elastic	Infinite		

D. Pair Work. Fill in the blanks using the proper words from the previous section.

1. The law of supply shows that a higher will lead to a higher quantity supplied
2. Whenis more elastic than demand, buyers bear most of the tax burden.
3. Taxes on cigarettes serve two purposes: to raise revenue for government and to discourage consumption of cigarettes.
4.or perfect elasticity refers to the extreme case where either the quantity demanded or supplied changes by an infinite amount in response to any change in price at all.
5. Constant elasticity in either a supply or demand curve refers to a situation where a price change of one percent results in a quantity change of one percent.

Grammar

Fill in the blanks with the correct form of the verbs from the reading one.

Measure, Describe, Tend, Respond, Range, Put, Tax, Refer, Give, Do

1. Demand and supply often relatively inelastic in the short run and relatively elastic in the long run.
2. Elasticity is an economics concept that responsiveness of one variable to changes in another variable.
3. Constant unitary elasticity in either a supply or demand curve..... to a situation where a price change of one percent results in a quantity change of one percent.
4. Cigarettes areat the state and national levels.
5. Elasticity can be..... as elastic (or very responsive), unit elastic, or inelastic (not very responsive).
6. .An inelastic demand or supply curve is one where a..... percentage change in price will cause a smaller percentage change in quantity demanded or supplied.
7. Elastic demand or supply curves indicate that quantity demanded or supplied price changes in a greater than proportional manner.
- 8 State taxes.....from a low of 17 cents per pack in Missouri to \$4.35 per pack in New York
9. When a firm..... its products on sale, it must expect (or hope) that the lower price will lead to a significantly higher quantity demanded.
10. A higher cigarette tax that not discourage consumption by much will actually raise more tax revenue for the government.

Present Simple

explained.ru

Yanepoedenuc

Onepayauuc

Donpoc

Onuocm

I	I	I	I
you speak	you do not speak /	Do you speak?	Yes you do.
we	we don't speak	we	No we don't.
they	they	they	they
_____	_____	_____	_____
he	he	he	he
she speaks	she does not speak /	Does she speak?	Yes she does.
it	it doesn't speak	it	No it doesn't.

In English grammar, the third person singular verb ending in suffix s or es. The term third person refers to someone else, i.e., not the writer or a group including the writer (I, me, we, and us) or the writer's audience (you). Whenever you use a noun (as opposed to pronoun), it is in the third person.

The third person is the most common point of view used in fiction writing and is the traditional form for academic writing. Authors of novels and composers of papers use “he,” “she,” or “it” when referring to a person, place, thing, or idea.

Exercise 1 Why does little Sam get up early? Complete the story with the third person forms of the present simple.

(get) Samuel ____ up early in the morning.

(hurry) He ____ downstairs and into the backyard.

(get) Every day little Samuel———— up early in the morning.

(hurry) He ————— downstairs and into the backyard.

(play) Where is she? Over there. His black kitten always ————— in the grass.

(chase) Sam ————— her around the backyard.

(grab) He ————— her under her soft belly.

(lift) He ————— her into the air.

(kiss) He ————— her on her pink nose.

(carry) And he ————— her into the kitchen to give her some milk.

(watch) But sometimes he just —————his kitten running on the grass.

Exercise 2: Complete the following sentences with the third person forms of the present simple tense. Choose the verbs from the lists.

(start, finish, study, pass, do)

My dear family

My brother Mike —————biology at university.

He —————several exams every year.

Because he is a good student, he always —————all his exams.

He —————the summer term at the end of June.

The next term —————at the end of September.

(take, cry, put, go, practice, love, push)

My sister

My sister————— Frances

guitar lessons on Wednesday afternoon.

She ————— every day and I listen to her.

My aunt Fiona ————— watching romantic stories on TV.

She sometimes ————— at the end of a story.

My mum usually ————— shopping on Fridays

She always ————— a lot of things in her trolley

And then she ————— it in front of her.

(wash, miss, crash, buy, fix)

My dad never ————— programs about family cars.

He always ————— the best car he can afford.

Then he ————— it in the backyard every weekend.

He also ————— all the breakdowns on his own.

He is a careful driver. He never—————.

(make, fry, taste, help, mix, let)

My grandma ————— the best goulash in the world.

My grandpa usually ————— her a little bit.

First he ————— beef meat and onions in oil.

Later he ————— all the ingredients.

My grandma ————— the goulash in a freezer for a couple of days.

It ————— much better, believe me or not.

Reading

Learning Objectives

1. Explain the concept of price elasticity of demand and its calculation.
2. Explain what it means for demand to be price inelastic, unit price elastic, price elastic, perfectly price inelastic, and perfectly price elastic.

3. Explain how and why the value of the price elasticity of demand changes along a linear demand curve.
4. Understand the relationship between total revenue and price elasticity of demand.
5. Discuss the determinants of price elasticity of demand.

We know from the law of demand how the quantity demanded will respond to a price change: it will change in the opposite direction. But how much will it change? It seems reasonable to expect, for example, that a 10% change in the price charged for a visit to the doctor would yield a different percentage change in quantity demanded than a 10% change in the price of a Ford Mustang. But how much is this difference?

To show how responsive quantity demanded is to a change in price, we apply the concept of elasticity. The price elasticity of demand for a good or service, e_D , is the percentage change in quantity demanded of a particular good or service divided by the percentage change in the price of that good or service, all other things unchanged. Thus we can write

Equation 5.2

$$e_D = \frac{\% \text{ change in quantity demanded}}{\% \text{ change in price}}$$

Because the price elasticity of demand shows the responsiveness of quantity demanded to a price change, assuming that other factors that influence demand are unchanged, it reflects movements *along* a demand curve. With a downward-sloping demand curve, price and quantity demanded move in opposite directions, so the price elasticity of demand is always negative. A positive percentage change in price implies a negative percentage change in quantity demanded, and vice versa. Sometimes you will see the absolute value of the price elasticity measure reported. In essence, the minus sign is ignored because it is expected that there will be a negative (inverse) relationship between quantity demanded and price. In this text, however, we will retain the minus sign in reporting price elasticity of demand and

will say “the absolute value of the price elasticity of demand” when that is what we are describing.

Heads Up!

Because the price elasticity of demand shows the responsiveness of quantity demanded to a price change, assuming that other factors that influence demand are unchanged, it reflects movements along a demand curve. With a downward-sloping demand curve, price and quantity demanded move in opposite directions, so the price elasticity of demand is always negative. A positive percentage change in price implies a negative percentage change in quantity demanded, and vice versa. Sometimes you will see the absolute value of the price elasticity measure reported. In essence, the minus sign is ignored because it is expected that there will be a negative (inverse) relationship between quantity demanded and price. In this text, however, we will retain the minus sign in reporting price elasticity of demand and will say “the absolute value of the price elasticity of demand” when that is what we are describing.

Heads Up!

Be careful not to confuse elasticity with slope. The slope of a line is the change in the value of the variable on the vertical axis divided by the change in the value of the variable on the horizontal axis between two points. Elasticity is the ratio of the percentage changes. The slope of a demand curve, for example, is the ratio of the change in price to the change in quantity between two points on the curve. The price elasticity of demand is the ratio of the percentage change in quantity to the percentage change in price. As we will see, when computing elasticity at different points on a linear demand curve, the slope is constant—that is, it does not change—but the value for elasticity will change.

What is the main idea of the text?

Enhancing Your Vocabulary

1- Match the words on the left with their synonyms on the right.

Find their Uzbek equivalents with your partner.

Words Definitions

- | | |
|----------------|------------------|
| 1. Slope | a. Adaptable |
| 2. Demand | b. Percentage |
| 3. Rate | c. Incline |
| 4. Calculation | d. Request |
| 5. Foreign | e. Computation |
| 6. Elastic | f. Comparatively |
| 7. Relatively | g. Amount |

Translate the text into Uzbek.

What is Income Elasticity of Demand?

Income elasticity of demand measures the relationship between the consumer's income and the demand for a certain good. It may be positive or negative, or even non-responsive for a certain product. The consumer's income and a product's demand are directly linked to each other, dissimilar to the price-demand equation. Demand for a normal good grows with an increase in customer wages and vice versa, assuming other factors of demand are constant. Income elasticity of demand is the level of response in demand to the adjustment in customer income. The larger the income elasticity of demand for a certain product, the greater the shift in demand there is from a change in consumer income.

Answer the questions.

What is the main idea of the text?

What is the measurement of the income elasticity?

Is there any relationship between consumer's income and a product's demand?

3. Fill in the blanks with the correct form of the verbs from Reading Two.

Increase Change Is Go Have

1. The slopethe rate of change in units along the curve, or the rise/run (change in y over the change in x).
2. Prior to the Euro, there were seven countries whose currencies
hard currencies.
3. Elasticity between points A and B was 0.45 and to 1.47 between points G and H.
4. At the bottom of the demand curve, that one unit.....when the quantity demanded is high will be small as a percentage.

Chapter 4 Elasticity

1) The price elasticity of demand measures

- A) how often the price of a good changes.
- B) the slope of a budget curve.
- C) how sensitive the quantity demanded is to changes in demand.
- D) the responsiveness of the quantity demanded to changes in price.

2) Elasticity generally measures the

- A) percentage change in a variable.
- B) slope of a curve.
- C) change in a variable.
- D) responsiveness of a variable to a change in another variable.

3) The price elasticity of demand equals the magnitude of the

- A) percentage change in the price of a good divided by the percentage change in the quantity demanded.
- B) percentage change in the quantity demanded of a good divided by the percentage change in its price.
- C) inverse of the slope of the demand curve.
- D) slope of the demand curve.

4) An elasticity of demand is measured in

- A) dollars.
- B) units of output.
- C) dollars per unit of output.
- D) None of the above answers is correct because there are no units for an elasticity of demand.

5) When the quantity of coal is measured in kilograms instead of pounds, the demand for coal becomes

- A) more elastic.
- B) less elastic.
- C) neither more nor less elastic.
- D) undefined.

6) Suppose the quantity of gasoline is measured in gallons and the price of gasoline is measured in dollars. The price elasticity of demand is 0.67. If the price of gasoline was now measured in cents rather than dollars, the price elasticity of demand would now be

- A) 0.0067.

UNIT 5. SIZE OF THE ECONOMY



UNIT FOCUS:

- **Reading 1: Gross Domestic Product**
- **Reading strategy: Finding Context Clues**
- **Vocabulary: Context Clues**
- **Grammar: Phrasal Verbs**
- **Reading 2: How Do Statisticians Measure GDP?**

Target words:

<i>Business cycle</i>	<i>GDP</i>	<i>Balance</i>
<i>Depreciation</i>	<i>GNP</i>	<i>Durable</i>
<i>Depression</i>	<i>NNP</i>	<i>Export</i>
<i>Nominal value</i>	<i>Trade</i>	<i>Import</i>
<i>Indicator</i>	<i>Sum</i>	<i>Trough</i>

<i>Peak</i>	<i>Structure</i>	<i>Double counting</i>
<i>Real value</i>	<i>Deficit</i>	<i>Standard of living</i>
<i>Recession</i>	<i>Surplus</i>	<i>Nondurable good</i>
<i>Per capita</i>	<i>Inventory</i>	<i>National income</i>
<i>Long term</i>	<i>Balance</i>	<i>Intermediate good</i>

Reading One

Read the Text. Underline the New Words from the Previous Section.

Gross Domestic Product

Macroeconomics is an empirical subject, so the first step toward understanding it is to measure the economy. How large is our economy? The size of a nation's overall economy is typically measured by its **gross domestic product (GDP)**, which is the value of all final goods and services produced within a country in a given year. The measurement of GDP involves counting up the production of millions of different goods and services—smart phones, cars, music downloads,

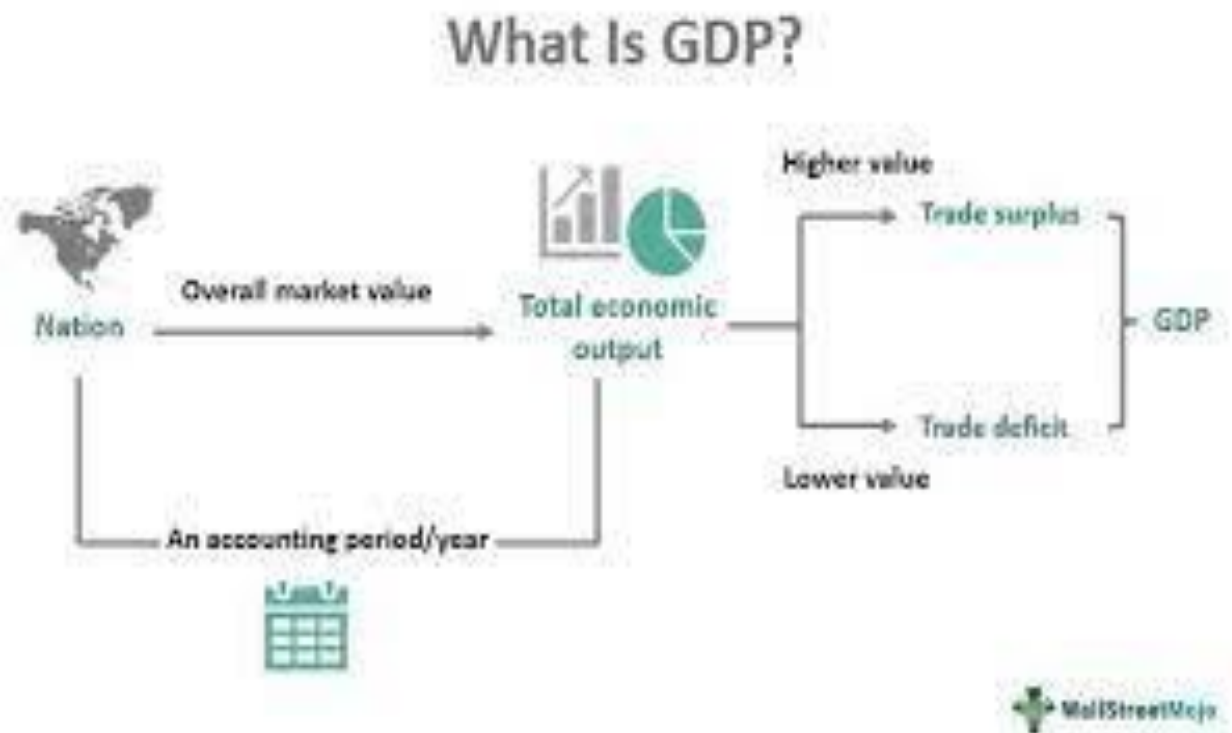


computers, steel, bananas, college educations, and all other new goods and services produced in the current year—and summing them into a total dollar value. This task is straightforward: take the quantity of everything produced, multiply it by the price at which each product sold, and add up the total. In 2014, the U.S. GDP totaled \$17.4 trillion, the largest GDP in the world. Each of the market transactions that enter into GDP must involve both a buyer and a seller. The GDP of an economy can be measured either by the total dollar value of what is purchased in the economy, or by the total dollar value of what is produced.

Measuring the Size of the Economy: Gross Domestic Product The size of a nation's economy is commonly expressed as its gross domestic product (GDP), which measures the value of the output of all goods and services produced within the country in a year. GDP is measured by taking the quantities of all goods and services produced, multiplying them by their prices, and summing the total. Since GDP measures what is bought and sold in the economy, it can be measured either by the sum of what is purchased in the economy or what is produced. Demand can be divided into consumption, investment, government, exports, and imports. What is produced in the economy can be divided into durable goods, nondurable goods, services, structures, and inventories. To avoid double counting, GDP counts only final output of goods and transactions that enter into GDP must involve both a buyer and a seller. The GDP of an economy can be measured either by the total dollar value of what is purchased in the economy, or by the total dollar value of what is produced.

Measuring the Size of the Economy: Gross Domestic Product The size of a nation's economy is commonly expressed as its gross domestic product (GDP), which measures the value of the output of all goods and services produced within the country in a year. GDP is measured by taking the quantities of all goods and services produced, multiplying them by their prices, and summing the total. Since GDP measures what is bought and sold in the economy, it can be measured either by the sum of what is purchased in the economy or what is produced. Demand can be divided into consumption,

investment, government, exports and imports. What is produced in the economy can be divided into durable goods, nondurable goods, services, structures, and inventories. To avoid double counting, GDP counts only final output of goods and services, not the production of intermediate goods or the value of



labor in the chain of production. Adjusting Nominal Values to Real Values The nominal value of an economic statistic is the commonly announced value. The real value is the value after adjusting for changes in inflation. To convert nominal economic data from several different years into real, inflation adjusted data, the starting point is to choose a base year arbitrarily and then use a price index to convert the measurements so that they are measured in the money prevailing in the base year. Tracking Real GDP over Time Over the long term, U.S. real GDP have increased dramatically. At the same time, GDP has not increased the same amount each year. The speeding up and slowing down of GDP growth represents the business cycle. When GDP declines significantly, a recession occurs. A longer and deeper decline is a depression. Recessions begin at the peak of the business cycle and end at the trough. Comparing GDP among

Countries Since GDP is measured in a country's currency, in order to compare different countries' GDPs, we need to convert them to a common currency. One way to do that is with the exchange rate, which is the price of one country's currency in terms of another. Once GDPs are expressed in common currency, we can compare each country's GDP per capita by dividing GDP by population. Countries with large populations often have large GDPs, but GDP alone can be a Misleading indicator of the wealth of a nation. A better measure is GDP per capita. How Well GDP Measures the Well-Being of Society GDP is an indicator of a society's standard of living, but it is only a rough indicator. GDP does not directly take account of leisure, environmental quality, levels of health and education, activities conducted outside the market, changes in inequality of income, increases in variety, increases in technology, or the (positive or negative) value that society may place on certain types of output.

A. Based on the information given in the text select True, False, Not Given.

-1- GDP is the value of final goods and services produced within a country in a given year.
-2- Supply can be divided into investment, government, exports, and imports.
-3- The nominal value of an economic statistic is the commonly announced value.
-4- The real value is the value after adjusting for changes in depression.
-5- Recessions begin at the peak of the business cycle and end at the trough.

B. Select the best answer for the items below. Refer to the text to check your answers.

1- Which sentence is true about GDP?

A) It is the size of a nation's overall income.

B) It is the value of all final³ goods and services produced in a year.

C) It is the value of all final³ goods and services produced within a country in a month.

D) It is the size of a nation's total income

2- Which one is not a division of Demand?

A) Consumption

B) Investment

C) Exports and imports

D) Production

3- Which expression is wrong about GDP?

A) Each of the market transactions that enter into GDP must involve both a buyer and a seller.

B) The GDP of an economy can be measured by the total dollar value of what is purchased in the economy.

C) The GDP of an economy can be measured by the total dollar value of what is produced.

D) Each of the market transactions that enter into GDP must involve both a producer and a seller.

4- What does GDP indicate?

A) Standards of living

B) Inequality in society

C) Inequality in income

D) Levels of education

5- What is true about depression?

A) When GDP declines significantly, a depression occurs.

B) A longer and deeper recession is a depression.

C) Depression begins at the peak of the business cycle and end at the trough.

D) When GDP increases significantly, a depression occurs.

C. Explain briefly whether each of the following would cause GDP to overstate or understate the degree of change in the broad standard of living.

- a. The environment becomes dirtier
- b. The crime rate declines
- c. A greater variety of goods become available to consumers
- d. Infant mortality declines

D. Look at the picture. Using the information in the text, discuss them in class.

You may choose as a topic and write a composition (optional).

E. Pair work, in respect to the pictures in the previous section, answers the questions below.

- 1- List some of the reasons why GDP should not be considered an effective measure of the standard of living in a country.
- 2- What does GDP not tell us about the economy?
- 3- Should people typically pay more attention to their real income or their nominal income? If you choose the latter, why would that make sense in today's world?
- 4- Why do you think that GDP does not grow at a steady rate, but rather speeds up and slows down?
- 5- Why might per capita GDP be only an imperfect measure of a country's standard of living?

Vocabulary Loading

A. Using the words given in the box find pairs from the passage.

1. <i>Business cycle</i> 2. <i>Depreciation</i> 3. <i>Depression</i> 4. <i>Nominal value</i> 5. <i>Exchange rate</i> 6. <i>Trough</i> 7. <i>GNP</i> 8. <i>NNP</i>	9. <i>Peak</i> 10. <i>GDP</i> 11. <i>Final good & service</i> 12. <i>Nondurable good</i> 13. <i>National income</i> 14. <i>Intermediate good</i> 15. <i>Standard of living</i> 16. <i>Structure</i>	17. <i>Real value</i> 18. <i>Recession</i> 19. <i>GDP per capita</i> 20. <i>Service</i> 21. <i>Double counting</i> 22. <i>Trade Deficit</i> 23. <i>Trade Surplus</i> 24. <i>Inventory</i> 25. <i>Trade Balance</i> 26. <i>Durable good</i>
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- A) Good that has been produced, but not yet been sold
- B) Includes all income earned: wages, profits, rent, and profit income
- C) Gap between exports and imports
- D) GDP minus depreciation
- E) An economic statistic after it has been adjusted for inflation; contrast with nominal value
- F) A significant decline in national output
- G) Product which is intangible (in contrast to goods) such as entertainment or healthcare.
- H) All elements that affect people's happiness, whether bought and sold in the market or not
- I) During the business cycle, the highest point of output before a recession begins
- J) Exists when a nation's imports exceed its exports and is calculated as imports – exports .
- K) Exists when a nation's exports exceed its imports and is calculated as exports – imports
- L) During the business cycle, the lowest point of output in a recession, before a recovery begins

- M) The economic statistic actually announced at that time, not adjusted for inflation; contrast with real value
- N) Short-lived good like food and clothing
- O) Building used as residence, factory, office building, retail store, or for other purposes
- P) A potential mistake to be avoided in measuring GDP, in which output is counted more than once as it travels through the stages of production
- Q) Long-lasting good like a car or a refrigerator
- R) The price of one currency in terms of another currency
- S) Output used directly for consumption, investment, government, and trade purposes; contrast with “intermediate good”
- T) GDP divided by the population
- U) The value of the output of all goods and services produced within a country in a year
- V) Includes what is produced domestically and what is produced by domestic labor and business abroad in a year
- W) Output provided to other businesses at an intermediate stage of production, not for final users; contrast with final good and service
- X) The relatively short-term movement of the economy in and out of recession
- Y) The process by which capital ages over time and therefore loses its value
- Z) An especially lengthy and deep decline in output.

C. Find matching pairs. Translate them into Uzbek.

Part 1	Part 2	Pairs	Translation
Total	Value		
empirical	Subjects		
Export and	Output		

Durable	Import		
Double	Production		
Final	Goods		
Chain of	Counting		
Price	Year		
Economic	Index		
Base	Data		

Part 1	Part 2	Pairs	Translation
Economic	Income		
Starting	Indicator		
Real	Living		
Intermediate	Nation		
Inequality of	Statistic		
Environmental	Goods		
Misleading	Point		
Standards of	Quality		
Wealth of a	Society		
Well-being of a	Value		

Part 1	Part 2	Pairs	Translation
Announced	Currency		
Nominal	Value		
Per capita	Health		

Common	Goods		
Long	Income		
Business	Value		
Levels of	Growth		
Final	Term		
GDP	Cycle		
Nondurable	Goods		

D. Pair Work. Fill in the blanks using the proper words from the previous section.

1. The is the value after adjusting for changes in inflation.
2. What is produced in the economy can be divided into durable goods,, services, structures, and inventories.
3. The of an economic statistic is the commonly announced value.
4. The starting point is to choose a arbitrarily and then use a price index to convert the measurements so that they are measured in the money prevailing in the base year.
5. To avoid, GDP counts only final output of goods and services, not the production of intermediate goods or the value of labor in the chain of production .

Grammar

Fill in the blanks with the correct form of the verbs from the reading one.

Avoid, Increase, Convert 2, Enter, Express, Represent, Divide, Buy, Multiply

1. double counting, GDP counts only final output of goods and services, not the production of intermediate goods or the value of labor in the chain of production.
2. GDP is measured by taking the quantities of all goods and services produced, them by their prices, and summing the total.
3. Over the long term, U.S. real GDP dramatically. At the same time, GDP has not increased the same amount each year.
4. Since GDP measures whatand sold in the economy, it can be measured either by the sum of what is purchased in the economy or what is produced.
5. Since GDP is measured in a country's currency, in order to compare different countries' GDPs, we need to them to a common currency.
6. Once GDPs in common currency, we can compare each country's GDP per capita by dividing GDP by population.
7. Demand can into consumption, investment, government, exports, and imports.
8. Each of the market transactions that into GDP must involve both a buyer and a seller.
9. The speeding up and slowing down of GDP growth the business cycle.
10. nominal economic data from several different years into real, inflation adjusted data, Tracking Real GDP over Time.

Rule:

Some verbs are two part verbs (Check Clauses, Sentences and Phrases). They consist of a verb and a particle: Add + Up = Add up Often this gives the verb a new meaning: This is called a phrasal verb. A phrasal verb is a verb that is made up of a main verb together with an adverb or a preposition, or both. There are two types of phrasal verb.

Formula for phrasal verbs:

Phrasal Verb: **VERB + ADVERB + PREPOSITION.**

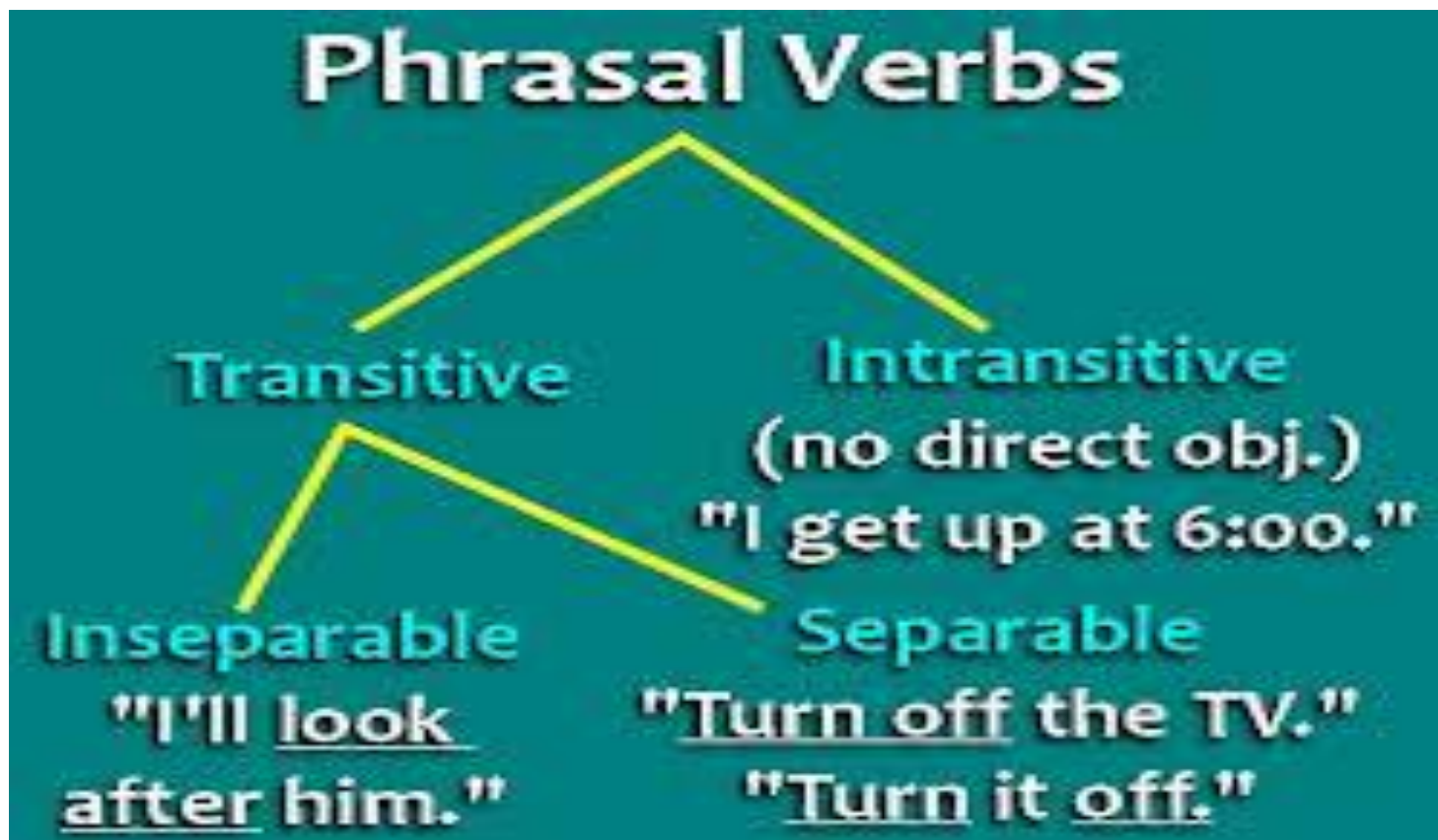
Types of Phrasal Verbs

Transitive Phrasal Verbs.

Intransitive Phrasal Verbs.

Separable Phrasal Verbs.

Inseparable Phrasal Verbs.



Exercise 1. Complete with one of these phrasal verbs: be through, go on, fill in, take off, stay out, speak up.

1. Could you this application form, please?
2. I'll never talk to you again. We !
3. If you don't, we can't hear you.
4. I'm tired because I too late last night.
5. The plane late because of the bad weather.

2. Complete with one of these phrasal verbs: go off, put off, see off, take off, and turn off.

1. Let's go to the airport to them
2. The plane doesn't till 5 o'clock.
3. He was sleeping soundly when the alarm clock

4. The meeting has been till next month.
5. Don't forget to all the lights when you leave.

3. Complete with: carry on, get on, hold on, put on, and try on.

1. Hi! Is Mr. Knight in?
....., I'll call him.
2. Excuse me, could I this dress, please?
3. How are you at college?
4. Are you still with your tennis lessons?
5. It was a bit chilly, so she her jacket.

4. Complete with: give up, hang up, look up, wake up, wash up.

1. The kind of housework I hate most is
2. If he rings back, just
3. I didn't know that word, so I it in a dictionary.
4. Don't You can do it if you try hard.
5. When I in the middle of the night, I had some temperature.

5. Match the phrasal verbs with their corresponding synonyms.

- | | |
|-------------|---------------|
| 1. put off | a. cancel |
| 2. call off | b. switch off |
| 3. look up | c. postpone |
| 4. go off | d. continue |
| 5. carry on | e. explode |
| 6. turn off | f. check |

Use the correct phrasal verb to fill the gaps. Choose among the following verbs and put them in the correct tense. (Say if they are type 1,2 or 3).

- 1) We want to _____ for the weekend. We'll probably go to Cuenca.

- 2) I have finished all my exams. After all that stress I need to_____.
(relax)
- 3) We can _____the situation _____in one word, chaos.
(summarize).
- 4) I slipped on the ground and_____. I sprained my ankle and I
had to go to hospital.
- 5) He has broken the law, so we must make sure he doesn't _____ it.
- 6) _____the printer icon when you want to print.
- 7) I _____smoking two years ago. I feel much healthier now.
- 8) My sister broke up with her boyfriend a year ago and she _____
it really quickly. She is quite happy now.
- 9) I don't _____ normally before 9.00 am at weekends.
- 10) Your room is a mess. _____ all your toys and clothes
immediately.
- 11) They are_____ a lot of shops because of the economy crisis.
- 12) The English teacher said that we had to _____the essay _____
the following day.
- 13) Please, _____ and relax. I'll bring you a cup of tea.
- 14) _____the light. It is getting really dark. I can't see the
blackboard.
- 15) What are you doing? – I'm _____ my contact lenses. I was
sure I had them in my bag and now I can't find them.
- 16) British weather always _____ me_____. It's always
cloudy and raining.
- 17) _____your coat_____ ! It's really warm in here.
- 18) I'll _____ you _____this time but don't be late again
because you will have to go away.
- 19) Christmas is finished so we have to_____ the Christmas
tree_____.

20) The concert didn't _____ my expectations. I expected something much better.

Fill in the correct form of one of the phrasal verbs from the box.

fall for/ figure out/ give in / go along with / look for / pay for / pull through / put on / run into / show up / take off / talk down to

1. I looked for my keys everywhere but I couldn't _____ where I put them
2. I _____ you at the party but I couldn't see you.
3. Although he tried to eat less he _____ some weight during the holidays
4. I _____ Karen and her new boyfriend when I went shopping
5. Over a hundred people _____ for the news conference
6. Our plane _____ an hour late because of the fog.
7. My son drove me crazy about buying a new bike, so finally I _____.
8. Erich is very sick at the moment but I am sure he'll _____
9. She shouldn't _____ him like that. You're not his boss.
10. I understand your opinion but I have to _____ Linda on this question.
11. John told me that he didn't steal but I didn't _____ his lies.
12. Can I _____ the drinks with a credit card?

Reading Two. Fill in the blanks using the appropriate words.

Administration through portion spending governments annual

AnCensus of Governments gathers information on state and local..... Because a lot of governmentat all levels involves hiring people to provide services, a largeof government

spending is also tracked payroll records collected by state governments and by the Social Security.....

Reading Two

Read the Text.

How do statisticians measure GDP?

Government economists at the Bureau¹ of Economic Analysis (BEA), within the U.S. Department of Commerce, piece together estimates of GDP from a variety of



sources. Once every five years, in the second and seventh year of each decade, the Bureau of the Census carries out a detailed⁶ census of businesses throughout the United States. In between, the Census Bureau carries out a monthly survey of retail sales. These figures are adjusted with foreign trade data to account for exports that are produced in the United States and sold abroad and for imports that are produced abroad and sold here. Once every ten years, the Census Bureau conducts a comprehensive survey of housing and residential finance. Together, these sources provide the main basis for figuring out what is produced for consumers. For investment, the Census Bureau carries out a monthly survey of construction and an annual survey of expenditures on physical capital equipment. For what is purchased by the federal government, the statisticians rely on the U.S. Department of the Treasury. An annual Census of Governments gathers information on state and local governments. Because a lot of government spending at all levels

involves hiring people to provide services, a large portion of government spending is also tracked through payroll records collected by state governments and by the Social Security Administration .With regard to foreign trade, the Census Bureau compiles a monthly record of all import and export documents. Additional surveys cover transportation and travel, and adjustment is made for financial services that are produced in the United States for foreign customers. Many other sources contribute to the estimates of GDP. Information on energy comes from the U.S .Department of Transportation and Department of Energy. Information on healthcare is collected by the Agency for Health Care Research and Quality. Surveys of landlords find out about rental income. The Department of Agriculture collects statistics on farming All of these bits and pieces of information arrive in different forms, at different time intervals. The BEA melds them together to produce estimates of GDP on a quarterly basis (every three months). These numbers are then “annualized” by multiplying by four. As more information comes in, these estimates are updated and revised. The “advance” estimate of GDP for a certain quarter is released one month after a quarter. The “preliminary” estimate comes out one month after that. The “final” estimate is published one month later, but it is not actually final. In July, roughly updated estimates for the previous calendar year are released. Then, once every five years, after the results of the latest detailed five-year business census have been processed, the BEA revises all of the past estimates of GDP according to the newest methods and data, going all the way back to 1929.

Enhancing Your Vocabulary

1- Match the words on the left with their synonyms on the right. Find their Persian equivalents with your partner.

Words Definitions

1. Portion	a. Complete
2. Local	b. Housing
3. Payroll	c. Solving, Finding answers
4. Treasury	d. Expenses, costs
5. Equipment	e. Devices, Facilities
6. Rely on	f. Depend, trust
7. Expenditures	g. A department that controls the money that the country spends or collects
8. Figure out	h. Not global or national
9. Residential	i. Section
10. Comprehensive	j. Income records

2. Translate the text into Uzbek.

The size of a nation's economy is commonly expressed as its gross domestic product, or GDP, which measures the value of the output of all goods and services produced within the country in a year. *GDP is measured by taking the quantities of all final goods and services produced and sold in markets, multiplying them by their current prices, and adding up the total. GDP can be measured either by the sum of what is purchased in the economy using the expenditures approach or by income earned on what is produced using the income approach. The expenditures approach represents aggregate demand (the demand for all goods and services in an economy) and can be divided into consumption, investment, government

spending, exports, and imports. What is produced in the economy can be divided into durable goods, nondurable goods, services, structures, and inventories.

To avoid double counting—adding the value of output to the GDP more than once—GDP counts only final output of goods and services, not the production of intermediate goods or the value of labor in the chain of production. The gap between exports and imports is called the trade balance. If a nation's imports exceed its exports, the nation is said to have a trade deficit. If a nation's exports exceed its imports, it is said to have a trade surplus.

Introduction

To understand macroeconomics, we first have to measure the economy. But how do we do that? Let's start by taking a look at the economy of the United States.

The size of a nation's overall economy is typically measured by its gross domestic product, or GDP, which is the value of all final goods and services produced within a country in a given year. Measuring GDP involves counting up the production of millions of different goods and services—smart phones, cars, music downloads, computers, steel, bananas, college educations, and all other new goods and services produced in the current year—and summing them into a total dollar value.

The numbers are large, but the task is straightforward:

Step 1: Take the quantity of everything produced.

Step 2: Multiply it by the price at which each product sold.

Step 3: Add up the total.

In 2014, the GDP of the United States totaled \$17.4 trillion, the largest GDP in the world.

It's important to remember that each of the market transactions that enter into GDP must involve both a buyer and a seller. The GDP of an economy can be measured by the total dollar value of what is purchased in the economy or by the total dollar value of what is produced.

Understanding how to measure GDP is important for analyzing connections in the macro economy and for thinking about macroeconomic policy tools.

3. Fill in the blanks with the correct form of the verbs from Reading Two.

Some of the verbs are phrasal, use the right particle.

Meld	Carry	Arrive	Account	Figure
Publish	Multiply	Piece	Release	Come

1. The Census Bureau a monthly survey of retail sales.
2. These figures are adjusted with foreign trade data exports that are produced in the United States and sold abroad and for imports that are produced abroad and sold here.
3. Together, these sources provide the main basis for what is produced for consumers.
4. Government economists at the Bureau of Economic Analysis (BEA), within the U.S. Department of Commerce, estimates of GDP from a variety of sources.
5. All of these bits and pieces of information Different forms, at different time intervals.
6. The BEA them to produce estimates of GDP on a quarterly basis (every three months).
7. These numbers are then “annualized” by four.
8. As more information, these estimates are updated and revised.
9. In July, roughly updated estimates for the previous calendar year

10. The “final” estimateone month later, but it is not actually final.

Answer to the questions:

- 1) What is GDP?**
- 2) What are the limits of GDP?**
- 3) What other indicators besides GDP are there to measure wealth and well-being?**
- 4) What is the European Union doing to move beyond GDP?**

UNIT 6. ECONOMIC GROWTH



UNIT FOCUS:

- **Reading 1: Economic Growth**
- **Reading strategy: Finding Context Clues of Substitution**
- **Vocabulary: Context Clues**
- **Grammar: Simple Past**
- **Reading 2: Calories and Economic Growth**

Target words:

<i>Aggregate production function</i> <i>Compound growth rate</i> <i>Modern economic growth</i> <i>Special economic zone (SEZ)</i> <i>Technological change</i>	<i>Capital deepening</i> <i>Contractual rights</i> <i>Industrial Revolution</i> <i>Production function</i> <i>Labor productivity</i>	<i>Convergence</i> <i>Human capital</i> <i>Infrastructure</i> <i>Physical capital</i> <i>Technology</i>	<i>Innovation</i> <i>Invention</i> <i>Rule of law</i>
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Reading One. Read the Text. Underline the New Words from the Previous Section.

Economic Growth



Every country worries about economic Growth. In the United States and other high-income countries, the question is whether economic growth continues to provide the same remarkable gains in our standard of living as it did during the twentieth century. Meanwhile, can middle-income countries like South Korea, Brazil, Egypt, or Poland catch

up to the higher-income countries? Or must they remain in the second tier of per

capita income? Of the world's population of roughly 6.7 billion people, about 2.6 billion are scraping by on incomes that average less than \$2 per day, not that different from the standard of living 2,000 years ago. Can the world's poor be lifted from their fearful poverty? Dramatic improvements in a nation's standard of living are possible. After the Korean War in the late 1950s, the Republic of Korea, often called South Korea, was one of the poorest economies in the world. Most South Koreans worked in peasant agriculture. According to the British economist Angus Maddison, whose life's work was the measurement of GDP and population in the world economy, GDP per capita in 1990 international dollars was \$854 per year. From the 1960s to the early twenty first century, a time period well within the lifetime and memory of many adults, the South Korean economy grew rapidly. Over these four decades, GDP per capita increased by more than 6% per year. According to the World Bank, GDP for South Korea now exceeds \$30,000 in nominal terms, placing it firmly among high-income countries like Italy, New Zealand, and Israel. Measured by total GDP in 2012, South Korea is the thirteenth-largest economy in the world. For a nation of 49 million people, this transformation is extraordinary. The Relatively Recent Arrival of Economic Growth Since the early nineteenth century there has been a spectacular process of



long-run economic growth during which the world's leading economies—mostly those in Western Europe and North America—expanded GDP per capita at an average rate of about 2% per year. In the last half century, countries like Japan, South Korea, and China have

shown the GDP and population in the world

Economy, GDP per capita in 1990 international dollars was \$854 per year. From the 1960s to the early twenty first century, a time period well within the lifetime and memory of many adults, the South Korean economy grew rapidly. Over these four decades, GDP per capita increased by more than 6% per year. According to the World Bank, GDP for South Korea now exceeds \$30,000 in nominal terms, placing it firmly among high-income countries like Italy, New Zealand, and Israel. Measured by total GDP in 2012, South Korea is the thirteenth-largest economy in the world. For a nation of 49 million people, this transformation is extraordinary. The Relatively Recent Arrival of Economic Growth Since the early nineteenth century, there has been a spectacular process of long-run economic growth during which the world's leading economies—mostly those in Western Europe and North America expanded GDP per capita at an average rate of about 2% per year. In the last half century, countries like Japan, South Korea, and China have shown the potential to catch up. The extensive process of economic growth, often referred to as modern economic growth, was facilitated by the Industrial Revolution, which increased worker productivity and trade, as well as the development of governance and market institutions.

A. Based on the information given in the text select True, False, Not Given.

-1- Dramatic improvements in a nation's standard of living are possible
-2- Productivity is the value of what is produced per worker, or per hour worked.
-3- Compound interest and compound growth rates behave in the same way as productivity rates.
-4- Capital deepening refers to an increase in the amount of capital per worker,
-5- Continuous technological innovation can counterbalance diminishing returns to investments in human and physical capital.

B. Select the best answer for the items below. Refer to the text too check your answers.

1- How was the modern economic growth facilitated?

- A) By extensive process of economic growth
- B) By worker productivity
- C) By the development of governance
- D) By the industrial revolution

2- What is the effect of new investment in physical and human capital on a low-income country?

- A) Combination of labor force and new skills
- B) Result in high levels of capital investment
- C) Combination of labor force and huge gains
- D) Result in high levels of country development

3- Which expression is wrong about “Convergence”?

- A) Occurs when low-income countries increase investment in physical and human capital with the objective of growing GDP.
- B) When countries with lower levels of GDP per capita catch up to countries with higher levels of GDP per capita.
- C) Occurs when high-income countries increase investment in physical and human capital with the objective of growing GDP.
- D) When countries with lower levels of GNP per capita catch up to countries with higher levels of GDP per capita.

4- Which one is not a component of economic growth?

- A) Human capital deepening
- B) Physical capital deepening

- C) Technological gains
- D) Levels of education

5- A healthy climate for growth in GDP per capita does not consist of.....?

- A) Improvements in physical capital
- B) Improvements in technology
- C) Improvements in human capital
- D) Improvements in public policies

C. Self-check Questions

1. Explain what the Industrial Revolution was and where it began.
2. Explain the difference between property rights and contractual rights.
Why do they matter to economic growth?
3. Are there other ways in which we can measure productivity besides the amount produced per hour of work?
4. Assume there are two countries: South Korea and Iran. South Korea grows at 4% and Iran grows at 1%. For the sake of simplicity, assume they both start from the same fictional income level, \$10,000. What will the incomes of Iran and South Korea be in 20 years? By how many multiples will each country's income grow in 20 years?

E. Pair work, in respect to the pictures in the previous section, answer the questions below.

1. How can the government of a free-market economy implement to stimulate economic growth?
2. List the areas where government policy can help economic growth.
3. What are the “advantages of backwardness” for economic growth?
4. What is an aggregate production function?

5. What do economists mean when they refer to improvements in technology?

Vocabulary Loading

A. Using the words given in the box find pairs from the passage.

1. <i>aggregate production function</i> 2. <i>compound growth rate</i> 3. <i>modern economic growth</i> 4. <i>special economic zone (SEZ)</i> 5. <i>technological change</i> 6. <i>capital deepening</i>	7. <i>contractual rights</i> 8. <i>Industrial Revolution</i> 9. <i>production function</i> 10. <i>labor productivity</i> 11. <i>convergence</i> 12. <i>human capital</i>	13. <i>infrastructure</i> 14. <i>physical capital</i> 15. <i>technology</i> 16. <i>innovation</i> 17. <i>invention</i> 18. <i>rule of law</i>
---	---	--

A) The process whereby an economy as a whole turns economic inputs such as human capital, physical capital, and technology into output measured as GDP per capita
B) An increase by society in the average level of physical and/or human capital per person
C) All the ways in which existing inputs produce more or higher quality, as well as different and altogether new products
D) A combination of invention—advances in knowledge—and innovation
E) A component of physical capital such as roads, rail systems, and so on
F) Putting advances in knowledge to use in a new product or service

G) Advances in knowledge
H) The period of rapid economic growth from 1870 onward
I) The process of enacting laws that protect individual and entity rights to use their property as they see fit. Laws must be clear, public, fair, and enforced, and applicable to all members of society
J) Area of a country, usually with access to a port where, among other benefits, the government does not tax trade
K) Pattern in which economies with low per capita incomes grow faster than economies with high per capita incomes
L) The plant and equipment used by firms in production; this includes infrastructure
M) The process whereby a firm turns economic inputs like labor machinery, and raw materials into outputs like goods and services used by consumers
N) The rate of growth when multiplied by a base that includes past GDP growth
O) The accumulated skills and education of workers
P) The value of what is produced per worker, or per hour worked (sometimes called worker productivity)

Q) The widespread use of power-driven machinery and the economic and social changes that occurred in the first half of the 1800s

R) The rights of individuals to enter into agreements with others regarding the use of their property providing recourse through the legal system in the event of noncompliance

C. Find matching pairs. Translate them into Uzbek.

Part 1	Part 2	Pairs	Translation
Fearful	Poverty		
Economic	Growth		
Dramatic	Improvement		
Poor	Economy		
Peasant	Agriculture		
Extraordinary	Transformation		
Arrival of	Economic Growth		
Spectacular	Process		
Long-run	Growth		
Leading	Economies		

Part 1	Part 2	Pairs	Translation
Expanded	GDP per capita		
Average	Rate		
Extensive	Process		
Industrial	Revolution		
Worker	Productivity		
Governance	Development		
Market	Institutions		
Labor	Productivity		
Annual	Rate		
Aggregate	Production function		
Part 1	Part 2	Pairs	Translation
Physical	Capital		
Compound	Interest		
Percentage	Points		
Scientific	Inventions		
Market oriented	Environment		
Business	Value		
Forms of	Management		
Supportive	Public policies		
Economic	Convergence		
Diminishing	Returns		

D. Pair Work. Fill in the blanks using the proper words from the previous section.

1. Technology, in its economic meaning, refers broadly to all new methods of production, which includes major.....
2. Higher income countries are more likely to have to their investments and must continually invent new technologies
3. Small differences of a few percentage points in the..... of economic growth make an enormous difference in GDP per capita.
4. and compound growth rates behave in the same way as productivity rates.
5. An specifies how certain inputs in the economy, like human capital, physical capital, and technology, lead to the output measured as GDP per capita.

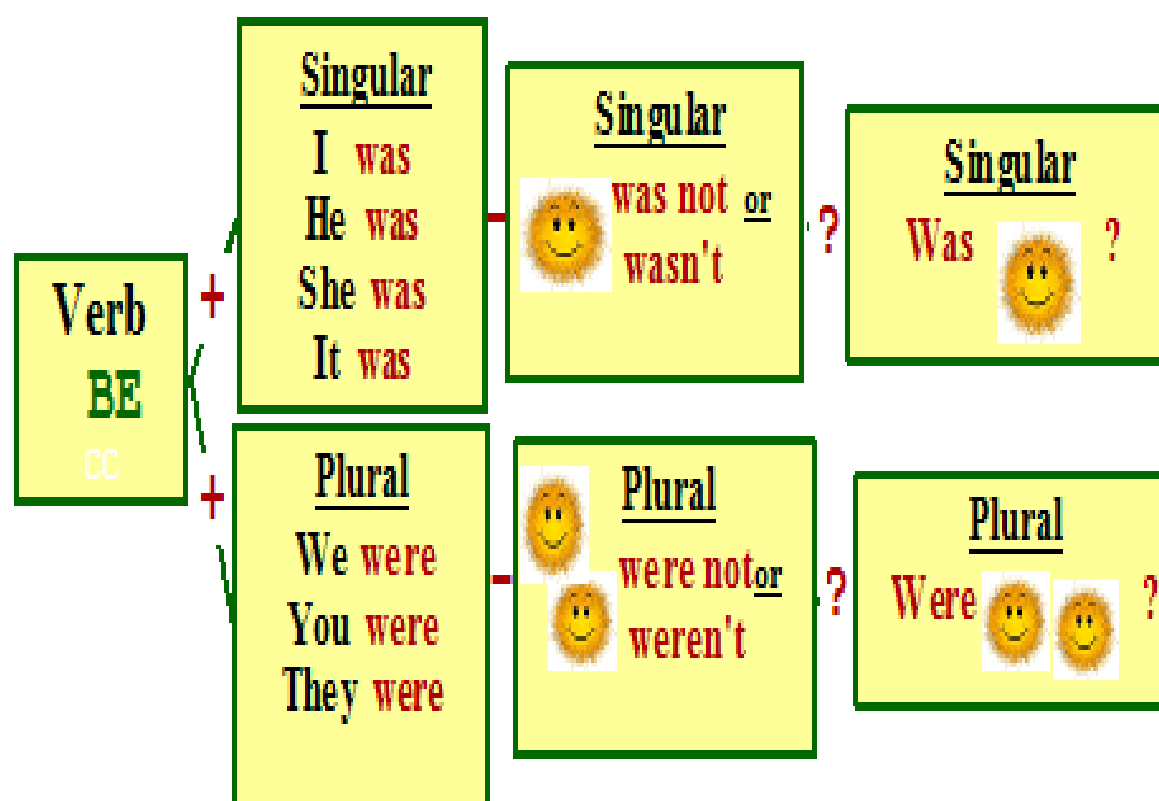
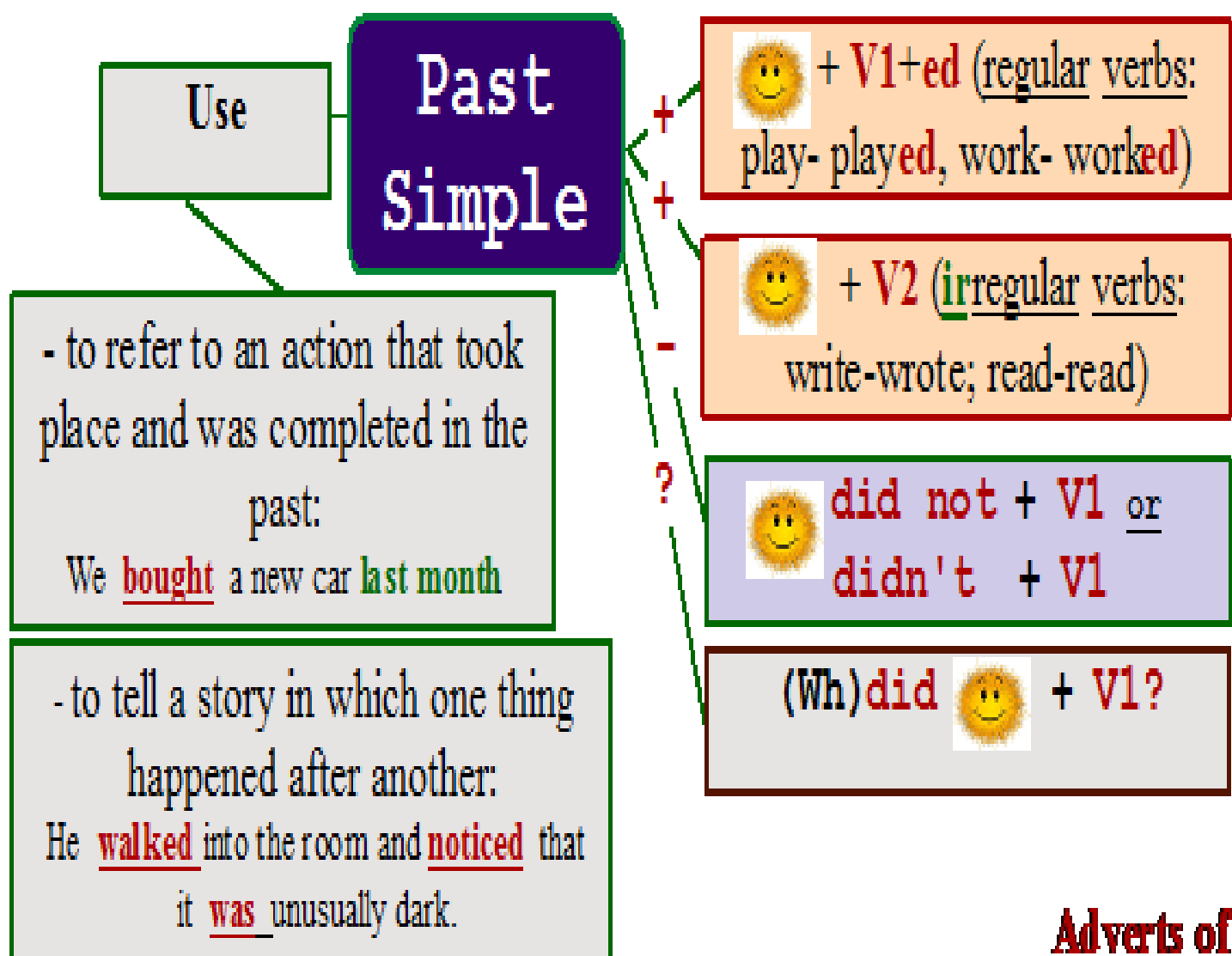
Grammar. Fill in the blanks with the correct form of the verbs from the reading one.

Work, Facilitate, Measure, Be , Grow, Expand, Scrape, , Exceed, Show, Lift

1. Since the early nineteenth century, there has been a spectacular process of long-run economic growth during which the world's leading economies GDP per capita at an average rate of about 2% per year.
2. In the last half-century, countries like Japan, South Korea, and Chinathe potential to catch up.
3. Of the world's population of roughly 6.7 billion people, about 2.6 billion by on incomes that average less than \$2 per day, not that different from the standard of living 2,000 years ago.

4. According to the World Bank, GDP for South Korea now
\$30,000 in nominal terms, placing it firmly among high-income countries
like Italy, New Zealand, and Israel.
5. Can the world's poor from their fearful poverty?
6. The Republic of Korea, often called South Korea, one of the
poorest economies in the world.
7. by total GDP in 2012, South Korea is the thirteenth largest
economy in the world.
8. The extensive process of economic growth, often referred to as modern
economic growth, by the Industrial Revolution.
9. From the 1960s to the early twenty-first century, a time period well within
the lifetime and memory of many adults, the South Korean economy
..... rapidly.
10. Most South Koreans in peasant agriculture.





Adverts of Frequency
last week
in 1945
yesterday
a week ago
when he was



Examples of Simple Past Tense

1. I **played** football Yesterday.
2. She **woke** up early in the morning.
3. You **didn't write** a letter last week.
4. They **went** to the office early.
5. **Did** you **sing** the song on stage?
6. We **ate** pizza in the bakery shop.
7. My father **lived** in California.
8. She **spoke** good English to the interviewer.
9. **Did** you not **finish** your homework?
10. When **did** you **buy** this mobile?
11. John **played** football, didn't he?
12. How long **did** the **flight** journey take?
13. My mother **cooked** delicious food Yesterday.
14. My friend **watched** a horror movie.
15. You **went** to Spain last year.
16. I **wrote** an email to my brother.
17. They didn't **go** to work.
18. We **drank** a whole bottle each.
19. I **missed** college a whole year.
20. I **learned** twenty sentences.



Past Simple

A Write the Past Simple of each verb in the correct column.

open marry like try bake stop mix plan repeat worry decide travel

-ed	-d	-ied	double consonant + -ed
<i>opened</i>			

B Complete the sentences with the Past Simple of the verbs in brackets.

- My sister *tried* (try) to bake a cake last Saturday.
- We (not order) steak and chips at the restaurant yesterday.
- I (phone) my cousin in Canada three days ago.
- The children (play) on the computer yesterday.

C Write the questions. Then answer them.

- you / watch TV / last night
Did you watch TV last night?
Yes, I did. / No, I didn't.
- your friends / play football / yesterday
.....
.....
- your mum / bake / a cake / last weekend
.....
.....
- you / phone / a friend / an hour ago
.....
.....

D Write the Past Simple form of the verbs.

- | | | | |
|---------|-------------|---------|--------|
| 1 take | <i>took</i> | 4 give | 7 go |
| 2 drink | | 5 think | 8 wake |
| 3 ride | | 6 have | 9 buy |

E Write questions with the words below. Then answer the questions according to the pictures. Use the Past Simple.



buy a jeep



wear jeans



ride horses



speak English

- Rob / buy a small car
Did Rob buy a small car?
No, he didn't. He bought a jeep.
- Jenny / wear a skirt / to the party
.....
.....
- cowboys / drive cars / in the 1880s
.....
.....
- the teacher / speak Greek / in the lesson
.....
.....

F) Complete the sentences with the SIMPLE PAST of the verbs in parentheses:

- a) They _____ (watch) TV last night.
- b) Priscila _____ (talk) to her friends all day.
- c) I _____ (have) a terrible headache yesterday.
- d) Bob _____ (come) home from school late.
- e) They _____ (arrive) late and _____
(miss) the bus. f) She _____ (study) hard and
_____ (pass) the exam.
- g) He _____ (call) the office to tell them he was sick.
- h) I _____ (speak) to the director as he was leaving the room.
- i) Dr. Johnson _____ (get up) early this morning.
- j) Mary _____ (do) her homework and
_____ (go) to school.
- k) Chris _____ (find) a ten-dollar bill.
- l) The dog _____ (follow) us down the road.
- m) Those students _____ (work) hard last semester.
- n) Lúcio _____ (stop) at the corner and
_____ (call) us.
- o) I _____ (try) to talk to Helen last night.
- p) I _____ (pay) the phone bill yesterday. q) My dad
_____ (catch) a cold when he _____ (be) in
Canada.
- r) She _____ (leave) home early yesterday.
- s) They _____ (know) each other very well when they
_____ (be) kids.
- t) The teacher _____ (bring) the exams corrected.
- u) She was cleaning the vase when she _____ (drop) it. v)
We _____ (jog) in the park yesterday.

- w) The fire _____ (occur) while we _____ (be) out
- .x) I _____ (meet) some nice people at the party last weekend.
- y) Carol _____ (sleep) until late on the weekend. Then, she _____ (go) out to lunch.
- z) We _____ (fly) to the USA on a great airplane.

2) Write questions or negatives sentences:

- a) She visited her parents last weekend. Question:

_____?

- b) He cleaned his room before school. Question:

_____?

- c) The teacher found the missing exams. Negative:

_____?

- d) Tom wanted to go to the movies alone. Question:

_____?

- e) Helena offered Henrique a piece of cake. Negative:

_____?

- f) I knew what to do. Negative:

_____?

- g) Alexandre helped Anita with her homework. Question:

_____?

- h) You ate cookies after dinner. Negative:

_____?

- i) You talked to her earlier. Question:

_____?

j) We turned off the TV after the news. Negative:

_____?

k) He drank only a coke at the party. Question:

_____?

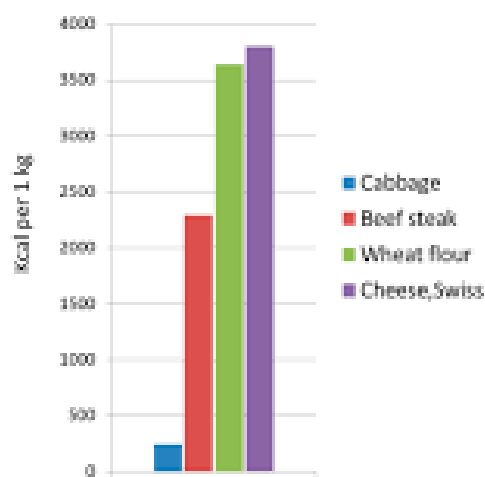
l) Mom made breakfast early. Negative:

_____?

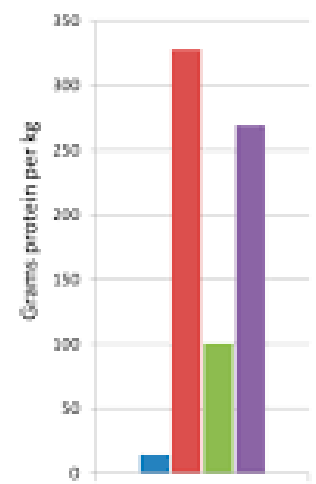
Read the Text.

Calories and Economic Growth

The story of modern economic growth can be told by looking at calorie consumption¹ over time. The dramatic rise in incomes allowed the average person to eat better and consume more calories. How did these incomes



(a)



(b)

Increase? The neoclassical growth consensus uses the aggregate production function to suggest that the period of modern economic growth came about because of increases in inputs such as technology and physical and human capital. Also important was the way in which technological progress combined with physical and human capital deepening to create growth and convergence. The issue of distribution of income notwithstanding, it is clear that the average worker can afford more calories in 2014 than in 1875.

Aside from increases in income, there is another reason why the average person can afford more food. Modern agriculture has allowed many

countries to produce more food than they need. Despite having more than enough food, however, many governments and multilateral agencies have not solved the food distribution problem. In fact, food shortages, famine, or general food insecurity are caused more often by the failure of government macroeconomic policy, according to the Nobel Prize-winning economist Amartya Sen. Sen has conducted extensive research into issues of inequality, poverty, and the role of government in improving standards of living. Macroeconomic policies that strive toward stable inflation, full employment, education of women, and preservation of property rights are more likely to eliminate starvation and provide for a more even distribution of food. Because we have more food per capita, global food prices have decreased since 1875. The prices of some foods, however, have decreased more than the prices of others. For example, researchers from the University of Washington have shown that in the United States, calories from zucchini and lettuce are 100 times more expensive than calories from oil, butter, and sugar.

Enhancing Your Vocabulary

1- Match the words on the left with their synonyms on the right. Find their Uzbek equivalents with your partner.

Words

1. Average
2. Afford
3. Macroeconomic
4. Multilateral
5. Stable
6. Famine

Definitions

- a. Many-sided
- b. Well-balanced
- c. Scarcity of food
- d. Try hard
- e. Plans
- f. Comprehensive, Contended

- | | |
|----------------|--|
| 7. Strive | g. Cultivation |
| 8. Agriculture | h. Concerned with large-scale
or general economic factors |
| 9. Policy | i. Bear the expense of |
| 10. Extensive | j. Norm. Ordinary |

Translate the text into Uzbek.

Economic growth describes an increase in the quantity and quality of the economic goods and services that a society produces and consumes. While the definition of economic growth is straightforward, it is extremely difficult to measure it. Growth is often measured as an increase in household income or inflation-adjusted GDP, but it is important to keep in mind that this is not the definition of it – just like life expectancy is a measure of population health, but certainly not the definition of population health. Income measures are merely one way to understand the economic inequality between countries and the changing prosperity over time. The Gross Domestic Product (GDP) of an economy is a measure of total production. More precisely, it is the monetary value of all final goods and services produced within a country or region in a specific time period. Comparisons over time and across borders are complicated by price, quality and currency differences, as explained below. From the long-term perspective of social history, we know the economic prosperity and lasting economic growth is a very recent achievement for humanity. In this entry we will also look at this more recent time and will also study the inequality between different regions – both in respect to the unequal levels of prosperity today and the unequal economic starting points for leaving the poverty of the pre-growth past.



3. Fill in the blanks with the correct form of the verbs from Reading Two. Some of the verbs are phrasal, use the right particle.

Have	Strive	Show	Conduct	Solve
Tell	Allow	Come	Combine	Produce

1. Researchers from the University of Washington that in the United States, calories from zucchini and lettuce are 100 times more expensive than calories from oil, butter, and sugar.
2. The story of modern economic growth can by looking at calorie consumption over time.
3. Sen extensive research into issues of inequality, poverty, and the role of government in improving standards of living.

4. Macroeconomic policies that toward stable inflation, full employment, education of women, and preservation of property rights are more likely to eliminate starvation.
5. Despite having more than enough food, however, many governments and multilateral agencies the food distribution problem.
6. The period of modern economic growth about because of increases in inputs such as technology and physical and human capital.
7. Modern agriculture has allowed many countries more food than they need.
8. How did these incomes?
9. Also important was the way in which technological progress with physical and human capital deepening to create growth and convergence.
10. The dramatic rise in incomes the average person to eat better and consume more calories.

UNIT 7. UNEMPLOYMENT



UNIT FOCUS:

- **Reading 1: Introduction to unemployment**
- **Reading strategy: Graphic and semantic organizer**
- **Vocabulary: Definitions**
- **Grammar: Past Perfect**
- **Reading 2: The role of Banks**

Target words:

<i>cyclical unemployment</i>	<i>frictional unemployment</i>	<i>implicit contract</i>	<i>out of the labor force</i>	<i>unemployment rate</i>
<i>discouraged workers</i>	<i>efficiency wage theory</i>	<i>insider outsider model</i>	<i>structural unemployment</i>	<i>Underemployed</i>

Reading One

Read the Text. Underline the New Words from the Previous Section.

Unemployment

Unemployment can be a terrible and wrenching life experience—like a serious automobile accident or a messy divorce—whose consequences can be fully understood only by someone who has gone through it. For unemployed individuals and their families, there is the day-to-day financial stress of not knowing where the next paycheck is coming from. There are painful adjustments, like watching your savings account dwindle, selling a car and buying a cheaper one, or moving to a less expensive place to live. Even when the unemployed person finds a new job, it may pay less than the previous one. For many people, their job is an important part of their self-worth. When unemployment separates people from the workforce, it can affect family relationships as well as mental and physical health. The human costs of unemployment alone would justify making a low level of unemployment an important public policy priority. But unemployment also includes economic costs to the broader society. When millions of unemployed but willing workers cannot find jobs, an economic resource is going unused. An economy with high unemployment is like a company operating with a functional but unused factory. The opportunity cost of unemployment is the output that could have been produced by the unemployed workers. This chapter will discuss how the unemployment rate

is defined and computed. It will examine the patterns of unemployment over time, for the U.S. economy as a whole, for different demographic groups in the U.S. economy, and for other countries. It will then consider an economic explanation for unemployment, and how it explains the patterns of unemployment and suggests public policies for reducing it. Unemployment imposes high costs. Unemployed individuals suffer from loss of income and from stress. An economy with high unemployment suffers an



opportunity cost of unused resources. The adult population can be divided into those in the labor force and those out of the labor force. In turn, those in the labor force are divided into employed and unemployed. A person without a job must be willing and able to work and actively looking for work to be counted as unemployed; otherwise, a person without a job is counted as being out of the labor force. The unemployment rate is defined as the number of unemployed persons divided by the number of persons in the labor force (not the overall adult population). The Current Population Survey (CPS) conducted by the United States Census Bureau measures the percentage of the labor force that is unemployed. The establishment payroll survey by the Bureau of Labor Statistics measures the net change in jobs created for the month. The U.S. unemployment rate rises during periods of recession and depression, but falls back to the range of 4% to 6% when the economy is strong. The unemployment rate never falls to zero. Despite enormous growth in the size of the U.S. population and labor force in the twentieth century, along with other major trends like globalization and new technology, the unemployment rate shows no long-term rising trend. Unemployment rates differ by

group: higher for African-Americans and Hispanics than for whites; higher for less educated than more educated; higher for the young than the middle-aged. Women's unemployment rates used to be higher than men's, but in recent years men's and women's unemployment rates actively looking for work to be counted as unemployed; otherwise, a person without a job is counted as being out of the labor force. The unemployment rate is defined as the number of unemployed persons divided by the number of persons in the labor force (not the overall adult Population). The Current Population Survey (CPS) conducted by the United States Census Bureau measures the percentage of the labor force that is unemployed. The establishment payroll survey by the Bureau of Labor Statistics measures the net change in jobs created for the month. Cyclical unemployment rises and falls with the business cycle. In a labor market with flexible wages, wages will adjust in such a market so that quantity demanded of labor always equals the quantity supplied of labor at the equilibrium wage. Many theories have been proposed for why wages might not be flexible, but instead may adjust only in a "sticky" way, especially when it comes to downward adjustments: implicit contracts, efficiency wage theory, and adverse selection of wage cuts, insider-outsider model, and relative wage coordination. The natural rate of unemployment is the rate of unemployment that would be caused by the economic, social, and political forces in the economy even when the economy is not in a recession. These factors include the frictional unemployment that occurs when people are put out of work for a time by the shifts of a dynamic and changing economy and any laws concerning conditions of hiring and firing have the undesired side effect of discouraging job formation. They also include structural unemployment, which occurs when demand shifts permanently away from a certain type of job skill.

A. Based on the information given in the text select True, False, Not Given.

.....1- The human costs of unemployment alone would justify

making a high level of unemployment an important public policy priority.

.....2- Unemployment also includes statistic costs to the broader society.

.....3- An economy with high unemployment is like a company operating with a functional but unused factory.

.....4- The opportunity cost of unemployment is the output that could have been produced by the unemployed workers.

.....5- There are painful adjustments, like watching your savings account dwindle, selling a car and buying a cheaper one, or moving to a less expensive place to live.

B. Select the best answer for the items below. Refer to the text to check your answers.

1- Which sentence is true?

A) Unemployed individuals suffer from loss of outcome and from stress.

B) A person without a job must be willing and able to work and actively looking for work to be counted as employed.

C) The unemployment rate is defined as the number of unemployed persons divided by the number of persons in the labor force

D) An economy with low unemployment suffers an opportunity cost of unused resources.

2- What is the natural rate of unemployment?

A) Is the rate of unemployment that would be caused by statistic forces?

B) Is the rate that only would cause by economic forces?

C) Is the rate that would cause by social forces?

D) Is the rate of unemployment that would be caused by the economic, social, and political forces in the economy even when the economy is not in a recession?

3- Which one is wrong about unemployment rate?

- A) The unemployment rate never falls to zero.
- B) The unemployment rate shows no long-term rising trend.
- C) Unemployment rates in the United States have compared favorably with unemployment rates in most other high-income economies.
- D) The unemployment rate is defined as the number of employed persons divided by the number of persons in the labor force

4 – Unemployment

- A) Can be pleasant for individuals
- B) Connects people from the workforce
- C) Includes economic costs to the broader society.
- D) Imposes low costs

5- Which one is not the problem of unemployed person?

- A) For unemployed individuals and their families, there is the day-to-day financial stress
- B) For an unemployed there is a monthly financial problems.
- C) Unemployed individuals have painful adjustments, like watching your savings account dwindle, selling a car and buying a cheaper one
- D) For unemployed person there is a stress of not knowing where the next paycheck is coming from.

C. Answer the following questions and discuss them in the class.

1. What is the difference between being unemployed and being out of the labor force?
2. How is the unemployment rate calculated?
3. Are all adults who do not hold jobs counted as unemployed?
4. How is the labor force participation rate calculated?

5. What forces create the natural rate of unemployment for an economy?

Vocabulary Loading

A. Using the words given in the box find pairs from the passage.

Example: Unemployment- Unemployment rate.

1. Out of 2. Structural 3. Rate 4. Implicit 5. Unemployment 6. Natural rate 7. Unemployment 8 Model 9. Insider-outsider 10. The labor force	11. of unemployment 12. Unemployment 13. Contract 14. Cyclical 15. Frictional 16. Workers 17. Wage theory 18. Discouraged 19. Unemployed 20. Efficiency
--	--

B. Match the words from part A with their definitions.

A) the percentage of adults who are in the labor force and thus seeking jobs, but who do not have jobs	B) when the economy is weak or the business is having trouble, and the employee will not expect huge salary increases when the economy or the business is strong	C) the unemployment rate that would exist in a growing and healthy economy from the combination of economic, social, and political factors that exist at a given time
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D) unemployment closely tied to the business cycle, like higher unemployment during a recession	E) those who have stopped looking for employment due to the lack of suitable positions available	F) the theory that the productivity of workers, either individually or as a group, will increase if they are paid more
G) unemployment that occurs as workers move between jobs	H) an unwritten agreement in the labor market that the employer will try to keep wages from falling	I) individuals who are employed in a job that is below their skills
J) this is the percentage of adults in an economy who are either employed or who are unemployed and looking for a job	K) across-the-board wage cuts are hard for an economy to implement, and workers fight against them	L) those who are not working and not looking for work—whether they want employment or not; also termed “not in the labor force”

C. Find matching pairs. Translate them into Uzbek.

Part 1	Part 2	Pairs	Translation
Efficiency	unemployment		
Underemployed	Participation rate		
Labor force	Contract		
Insider-outsider	Wage theory		
Structural	Wage		
Implicit	Cost agreement		
Relative wage	Unemployment		

Wage	Coordination		
------	--------------	--	--

D. Pair Work. Fill in the blanks using the proper words from the previous section.

1. Thenever falls to zero.
2. rises and falls with the business cycle.
3. The.....is the rate of unemployment that would be caused by the economic, social, and political forces in the economy even when the economy is not in a recession.
4. These factors include the.....that occurs when people are put out of work for a time by the shifts of a dynamic and changing economy
5. occurs when demand shifts permanently away from a certain type of job skill.

Grammar injection. Fill in the blanks with the correct form of the verbs from the reading one.

Include, Separate, Rise, Is, Propose, Show, Impose, Suffer,

1. When unemployment people from the workforce, it can affect family relationships as well as mental and physical health.
2. But unemployment also includes economic costs to the broader society.
3. Unemployment high costs.
4. Unemployed individuals from loss of income and from stress.
5. The unemployment rate is defined as the number of unemployed persons divided by the number of persons in the labor force
6. The U.S. unemployment rate during periods of recession and depression

7. Many theories have been for why wages might not be flexible, but instead may adjust only in a “sticky” way, especially when it comes to downward adjustments
8. The unemployment rate no long-term rising trend.

Past Perfect

Past Perfect

had + past participle

*I **had** never **seen** something like that.*

*I **had** broken up with her.*

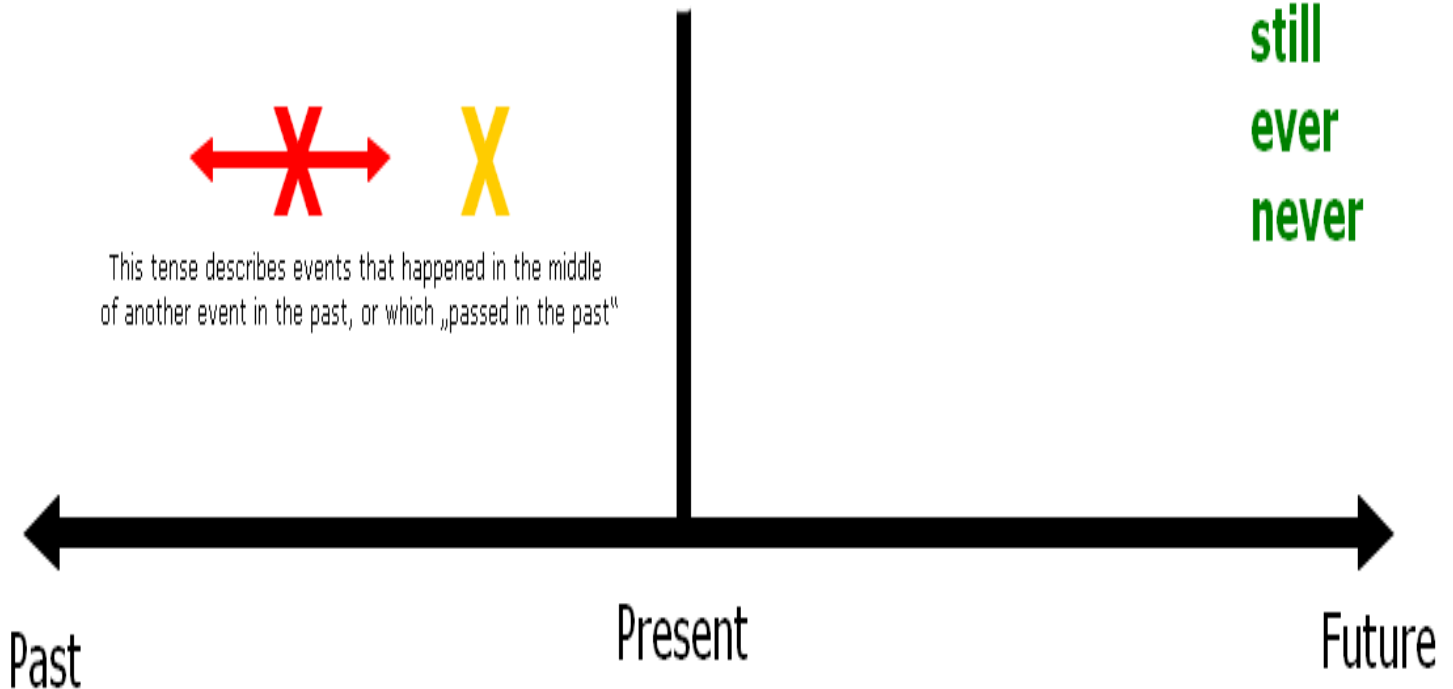
*She **hadn't had** time to explain it.*

Often use adverbs:

just
already
still
ever
never



This tense describes events that happened in the middle of another event in the past, or which „passed in the past“

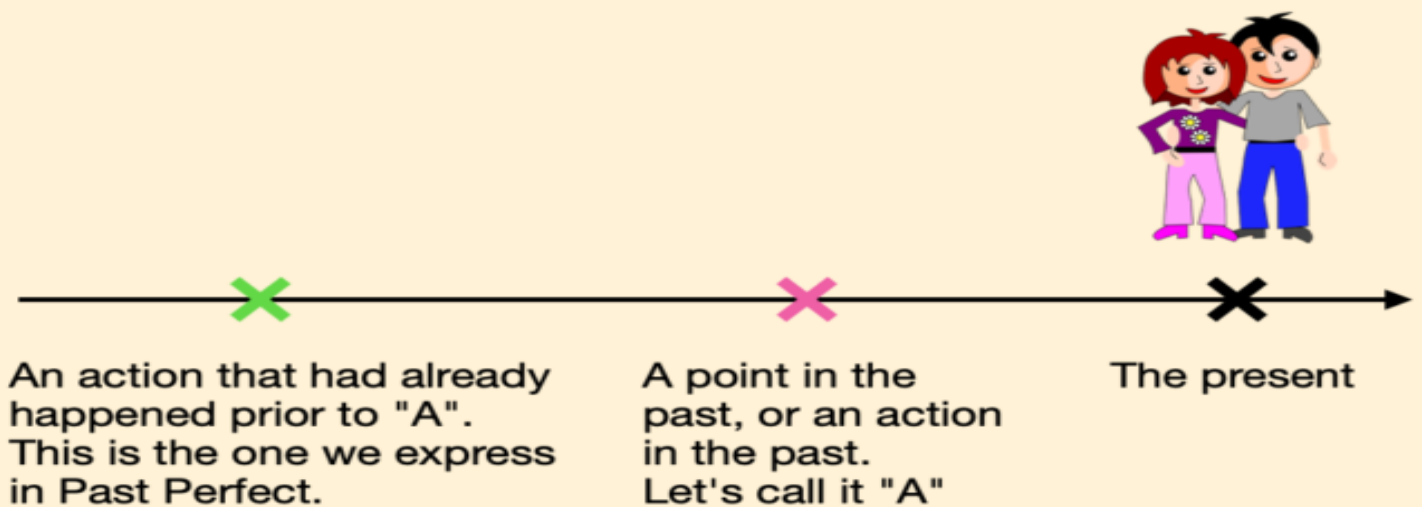
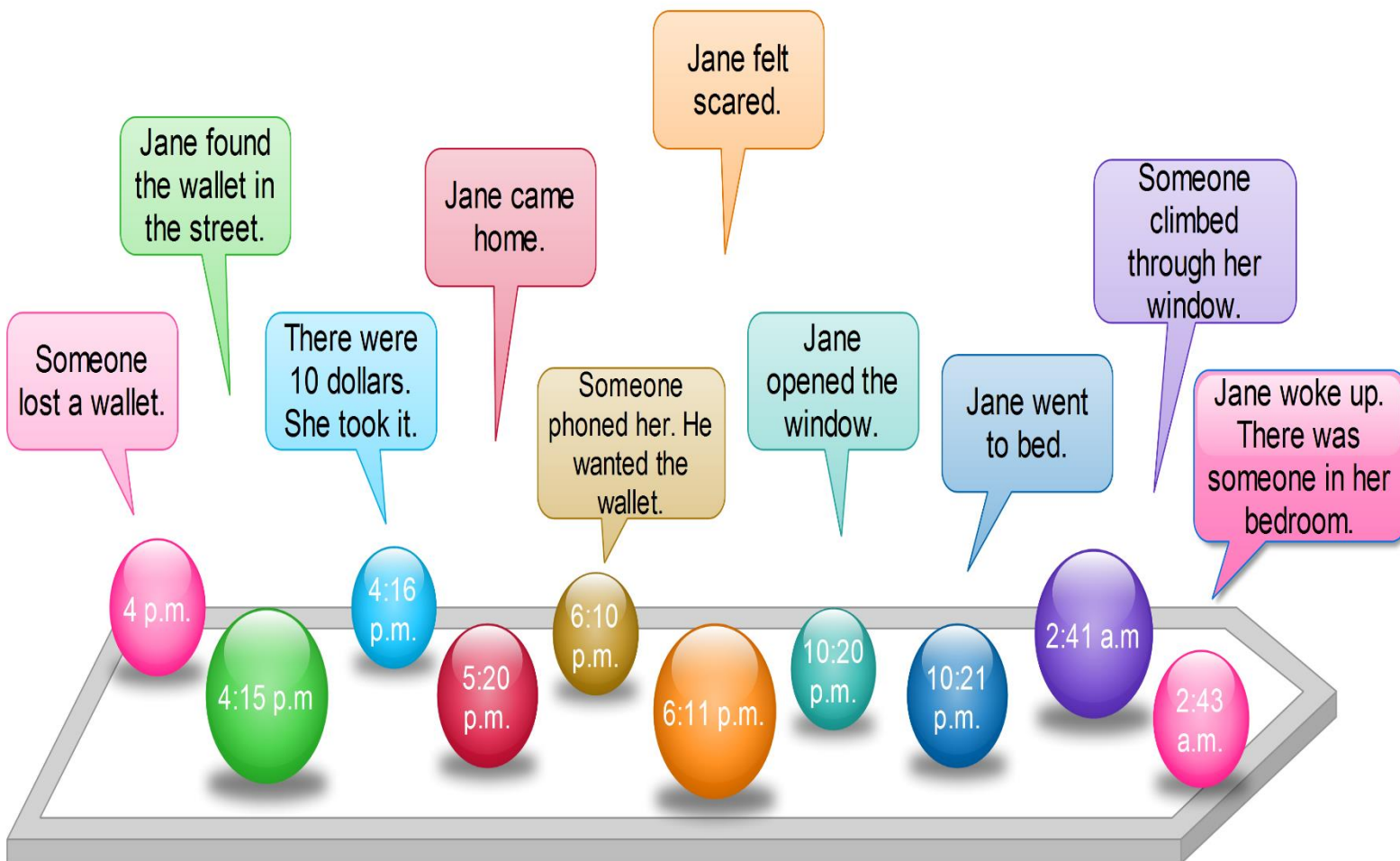


Affirmative sentences: Subject + had + past participle + object.

Negative sentences: Subject + had not/hadn't + verb in past participle + object.

Questions: Had + subject + verb in past particular + object?

Jane and the Wallet



When we want to express actions or states of being, we use words called verbs.

When it comes to English verbs, we use many different verb tenses in our sentences. The tense of the verb, generally speaking, tells you when in time an action or state happens. In the case of past perfect tense, it tells us that an event happened in the past before another event in the past.

For example, the sentence Daniel had left by the time Erica got to his house uses the past perfect tense to say that Daniel left his house before Erica arrived. Both of these actions happened in the past, but one of them happened before the other.

If we break apart the name of this verb tense, we can see it is telling us how to use it:

Past: *The verb tense refers to an action or state that occurred before now.*

Perfect: *Generally speaking, perfect verb tenses refer to completed states/actions. In the case of past perfect tense, we often refer to an action/state that was totally completed before another one.*

Exercises:

1 Past or Past Perfect Tense – Simple: Fill in the correct form.

1. Mary _____ (give) me Tony's address before she left.
2. When the boys arrived at the cinema, the film _____ (already, start).
3. Before we reached the station we saw that we _____ (lose) our way.
4. All the tickets _____ (be) sold before the concert began.
5. They took a shower after they _____ (finish) the game.

6. I asked Mr Green how many books he _____ (read)
7. Mum asked me why I _____ (not tidy) up my room.
8. Bob was sorry that he _____ (told) me the story.
9. Alan watched TV after he _____ (have) lunch.
10. The sun _____ (shine) yesterday after it _____
(be) cold for many weeks.
11. Uncle David _____ (go) to the doctor after he
_____ (be) ill for a month.
12. Before the police _____ (catch) the thief, he
_____ (steal) two more watches.
13. Mum once _____ (paint) a picture although she
_____ (never, learn) it.
14. I _____ (not tell) my teacher that my mum
_____ (help) me with my homework.
15. I _____ (be) very angry when I _____ (see)
that my brother _____ (eat) my apple.
16. The bike _____ (be) much more expensive than he
_____ (think) at first.
17. Dad _____ (drive) me home after I _____
(fall) into the water.
18. Marion _____ (ask) me what _____ (happen)
to me last week.
19. We _____ (eat) two Big Macs before we _____
(go) home.

20. Paul _____ (not say) that he _____ (take) Albert's watch.
21. The days _____ (become) colder after it _____ (snow).
22. Martin _____ (tell) me that he _____ (be) in London.
23. I _____ (feel) great after I _____ (pass) the exam.
24. It _____ (be) Freddy who _____ (clean) the room.
25. When I _____ (get) off the bike I _____ (see) that one of those tires _____ (lose) air.
26. I _____ (be) sorry that I _____ (not be) nicer to him.
27. Nobody _____ (come) to the meeting because Angela _____ (forget) to tell them about it.
28. I know that I _____ (see) her somewhere before.
29. Because she _____ (not check) the oil for so long, the car _____ (break) down.
30. She couldn't find the book that I _____ (lend) her.
31. They never _____ (never find) where he _____ (hide) the money.
32. It was a firm that I _____ (never hear) of.

33. When she _____ (come) in we all knew where she
_____ (be)
34. The lesson _____ (already start) when _____
(arrive).
35. When I _____ (get) to the park I found out that I _____
(lose) my keys.
36. She told me that she _____ (work) in Germany.
37. When he _____ (paint) the kitchen he _____
(decide) to have a rest.
38. After I _____ (finish) the report, I saw that it _____
(be) too late.

Exercise 2. Join the sentences with the words in brackets.

Example:

They graduated. They got married. (as soon as)

They got married as soon as they had graduated.

They entered the restaurant. They were served. (after)

.....

I didn't use my credit card. I lost it. (because)

.....

They didn't tell me. Easyjet cancelled the flight. (that)

.....

I couldn't go out. I broke my leg. (because)

.....
He took up a job. He left school. (as soon as)

.....
Susan fell in love with Jack. She told her parents. (after)

.....
I was in Paris for a week. I met Ann there. (when)

.....
Jim called Jane from his office. He came back home. (before)

.....
Maria finished the meal. And I arrived. (by the time)

.....
Messi scored the goal. The fans went wild. (as soon as)

Exercise 3

What had Betty done (not done) before she went to bed? _____

Example:

+ cook dinner - go out with her friends

She had cooked dinner. She hadn't gone out with her friends.

Betty

+ wash the dishes - dry the dishes

+ walk her dog - feed her cat

+ watch a video - listen to music

- + have a shower - wash her hair
- + say good night to her mum - set her alarm clock

Exercise 4. Respond to the following situations. _____

Example:

I didn't clean my teeth after breakfast.

Why not? Had you done it before breakfast?

I didn't watch the film.

(you | see | it | before)

Why??

I wasn't surprised by the birthday present.

(you | already | know | about | it)

Really??

I didn't know how to withdraw money from the cash machine.

(you | not do | it | before)

What a shame!?

I got to the airport on time, but I missed my plane.

(you | leave | your ticket | at home)

How come??

I didn't have to do my English homework at home.

(you | write | it | at school)

Why not??

I was so sick when I went to bed!

(what | you | eat | before that)

What did.....?

I got lost on my way to your place.

(Sharon | not tell | you | the way)

That's a pity.?

I saw Jane for the first time at your party last Saturday.

(you | not meet | Jane | at my previous party)

Are you sure?

Exercise 5.

Mark is telling his sister Eve about his friend's garden party. Use the words from the box to complete their dialogue. _____

never be eat not buy never meet not eat play not drink not have finish

Eve: Did you enjoy the party?

Mark: Not at all. I to such a party before. It was a disaster.

Eve: A disaster?

Mark: Exactly. When I arrived at the party, they all the sausages. There was nothing to eat.

Eve: enough sausages for everyone?

Mark: No, they hadn't. The house was full of people I before.

Eve: So you were hungry all afternoon.

Mark: I was pretty hungry. I anything before I left home.

Eve: Did you dance?

Mark: No, I didn't. There was a DJ at the party, but after he a couple of songs, he disappeared.

Eve: What did you do then?

Mark: Fortunately, they all the wine before I came. I had two or three glasses of red wine and went home.

Eve: Mark? You told me you anything to eat. You must have got drunk!

Mark: To tell the truth, when I the third glass, I felt a little bit dizzy.

But I am all right now. Am I not?

Read the text. Institutions that match up savers and borrowers help ensure that economies function smoothly

YOU'VE got \$1,000 you don't need for, say, a year and want to earn income from the money until then. Or you want to buy a house and need to borrow \$100,000 and pay it back over 30 years.



It would be difficult, if not impossible, for someone acting alone to find either a potential borrower who needs exactly \$1,000 for a year or a lender who can spare \$100,000 for 30. That's where banks come in. Although banks do many things, their primary role is to take in funds—called deposits—from those with money, pool them, and lend them to those who need funds. Banks are intermediaries between depositors (who lend money to the bank) and borrowers (to whom the bank lends money). The amount banks pay for deposits and the income they receive on their loans are both called interest. Depositors can be individuals and households, financial and nonfinancial firms, or national and local governments.

Borrowers are, well, the same. Deposits can be available on demand (a checking account, for example) or with some restrictions (such as savings and time deposits).

Creating money Banks also create money. They do this because they must hold on reserve, and not lend out, some portion of their deposits—either in cash or in securities that can be quickly converted to cash. The amount of those reserves depends both on the bank's assessment of its depositors' need for cash and on the requirements of bank regulators, typically the central bank—a government institution that is at the center of a country's monetary and banking system. Banks keep those required reserves on deposit with central banks, such as the U.S. Federal Reserve, the Bank of Japan, and the European Central Bank. Banks create money when they lend the rest of the money depositors give them. This money can be used to purchase goods and services and can find its way back into the banking system as a deposit in another bank, which then can lend a fraction of it. The process of relending can repeat itself a number of times in a phenomenon called the multiplier effect. The size of the multiplier—the amount of money created from an initial deposit—depends on the amount of money banks must keep on reserve.

Banks also lend and recycle excess money within the financial system and create, distribute, and trade securities. Banks have several ways of making money besides pocketing the difference (or spread) between the interest they pay on deposits and borrowed money and the interest they collect from borrowers or securities they hold. They can earn money from: income from securities they trade; and fees for customer services, such as checking accounts, financial and investment banking, loan servicing, and the origination, distribution, and sale of other financial products, such as insurance and mutual funds. Banks earn on average between 1 and 2 percent of their assets (loans and securities). This is commonly referred to as a bank's return on assets.

Transmitting monetary policy. Banks also play a central role in the transmission of monetary policy, one of the government's most important tools for achieving

economic growth without inflation. The central bank controls the money supply at the national level, while banks facilitate the flow of money in the markets within which they operate. At the national level, central banks can shrink or expand the money supply by raising or lowering banks' reserve requirements and by buying and selling securities on the open market with banks as key counterparties in the transactions. Banks can shrink the money supply by putting away more deposits as reserves at the central bank or by increasing their holdings of other forms of liquid assets—those that can be easily converted to cash with little impact on their price. A sharp increase in bank reserves or liquid assets—for any reason—can lead to a “credit crunch” by reducing the amount of money banks have to lend, which can lead to higher borrowing costs as customers pay more for scarcer bank funds. A credit crunch can hurt economic growth.

Banks can fail, just like other firms. But their failure can have broader ramifications—hurting customers, other banks, the community, and the market as a whole. Customer deposits can be frozen, loan relationships can break down, and lines of credit that businesses draw on to make payrolls or pay suppliers may not be renewed. In addition, one bank failure can lead to other bank failures.

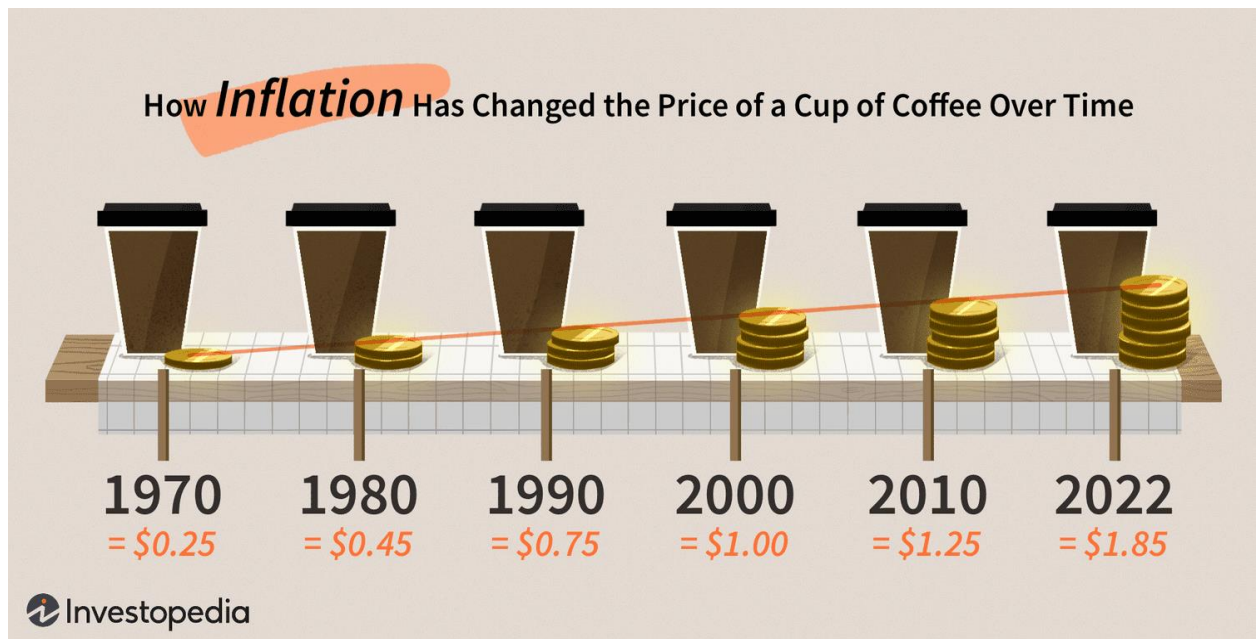
Banks' vulnerabilities arise primarily from three sources:

a high proportion of short-term funding such as checking accounts and repos to total deposits. Most deposits are used to finance longer-term loans, which are hard to convert into cash quickly;

a low ratio of cash to assets; and a low ratio of capital (assets minus liabilities) to assets. Depositors and other creditors can demand payment on checking accounts and repos almost immediately. When a bank is perceived—rightly or wrongly—to have problems, customers, fearing that they could lose their deposits, may withdraw their funds so fast that the small portion of liquid assets a bank holds becomes quickly exhausted. During such a “run on deposits” a bank may have to

sell other longer-term and less liquid assets, often at a loss, to meet the withdrawal demands. If losses are sufficiently large, they may exceed the capital a bank maintains and drive it into insolvency.

UNIT 8. INFLATION



UNIT FOCUS:

- **Reading 1: Inflation**
- **Reading strategy: Monitoring Comprehension**
- **Vocabulary: Synonyms and definitions**
- **Grammar: Gerund**
- **Reading 2: From Inflation to Consumer Price Index**

Read the text.

In economics, inflation is an increase in the general price level of goods and services in an economy. When the general price level rises, each unit of currency buys fewer goods and services; consequently, inflation corresponds to a reduction in the purchasing



power of money. The opposite of inflation is deflation, a decrease in the general

price level of goods and services. The common measure of inflation is the inflation rate, the annualized percentage change in a general price index. As prices faced by households do not all increase at the same rate, the consumer price index (CPI) is often used for this purpose. The employment cost index is also used for wages in the United States. Most economists agree that high levels of inflation as well as hyperinflation—which have severely disruptive effects on the real economy—are caused by persistent excessive growth in the money supply. Views on low to moderate rates of inflation are more varied. Low or moderate inflation may be attributed to fluctuations in real demand for goods and services, or changes in available supplies such as during scarcities. Moderate inflation affects economies in both positive and negative ways. The negative effects would include an increase in the opportunity cost of holding money, uncertainty over future inflation which may discourage investment and savings, and if inflation were rapid enough, shortages of goods as consumers begin hoarding out of concern that prices will increase in the future. Positive effects include reducing unemployment due to nominal wage rigidity, allowing the central bank greater freedom in carrying out monetary policy, encouraging loans and investment instead of money hoarding, and avoiding the inefficiencies associated with deflation. Today, most economists favor a low and steady rate of inflation. Low (as opposed to zero or negative) inflation reduces the probability of economic recessions by enabling the labor market to adjust more quickly in a downturn and reduces the risk that a liquidity trap prevents monetary policy from stabilizing the economy, while avoiding the costs associated with high inflation. The task of keeping the rate of inflation low and stable is usually given to monetary authorities. Generally, these monetary authorities are the central banks that control monetary policy through the setting of interest rates, by carrying out open market operations and (more rarely) changing commercial bank reserve requirements.

Answer the questions

What's the inflation?

What're the causes of inflation?

A. Based on the information given in the text select True, False, Not Given.

.....1- The human costs of unemployment alone would justify making a high level of unemployment an important public policy priority.

.....2- Unemployment also includes economic costs to the broader society.

.....3- When millions of unemployed but willing workers cannot find jobs, an economic resource is going unused.

.....4- An economy with high unemployment is like a company operating with a functional but unused factory.

.....5- Unemployment imposes low costs.

B. Select the best answer for the items below. Refer to the text to check your answers.

1- Which sentence is true?

A) The opportunity cost of unemployment is the input that could have been produced by the unemployed workers.

B) For unemployed individuals and their families, there is the monthly financial stress of not knowing where the next paycheck is coming from.

C) When the unemployed person finds a new job, it may pay less than the previous one.

D) When unemployment separates people from the workforce, it can affect family relationships as well as friendships.

2- Which one is true about unemployment?

- A) Unemployment reduces high costs.
- B) The unemployment rate is defined as the number of employed persons divided by the number of persons in the labor force
- C) The U.S. unemployment rate rises during periods of recession and depression, but falls back to the range of 4% to 6% when the economy is strong.
- D) The unemployment rate always falls to zero.

3- What is the natural rate of unemployment?

- A) The natural rate of unemployment is the rate of unemployment that would be caused by statistics.
- B) The rate of unemployment is caused by labor forces.
- C) The natural rate of unemployment is the rate of unemployment that would be caused by the economic, social, and political forces in the economy.
- D) The natural rate of unemployment is the rate of unemployment that only is caused by economic forces.

4 - The rate of inflation is measured as the.....

- A) Percentage change of price level
- B) Percentage change between price levels or index numbers
- C) As the cost of the basket market
- D) Percentage change of index numbers

What is a gerund and what is its function?

A gerund (pronounced JER-und) is a verb that's acting as a noun. By that, we mean that the verb—the word that describes the action that's happening, like “biking,” “thinking,” “running,” or “speaking”—becomes a thing, a concept that can now be the sentence's subject, direct object, indirect object, or the object of a preposition.

It doesn't stop being a verb, but the role it plays in a sentence shifts from describing the action to being a focal point.

WHAT IS A GERUND?

- Verbal noun

- Not used as a verb; rather, it is used as a noun

- Form: base verb+ ing

Usages of gerund:

1. Gerund as a *subject/object*

2. Gerund after

-prepositions

-fixed expression

3. Gerunds *after nouns + of*

Gerunds

Definition Gerund: a noun ending "ing" that has been formed from a verb

thinking

playing

eating

painting

Properties Unlike a normal noun, a gerund can be modified by an adverb and take an object

carefully painting the fence

adverb

gerund

direct object

Give The Correct Gerund Form Of These Verbs (Do Not Use 'To' And Do Not Capitalize The Verbs)

Verbs	Gerunds
-------	---------

1. She likes----- (paint).
2. I can't bear----- (listen) to loud music.
3. He enjoys ----- (play) tennis.
4. Leila dreams of----- (set) up her own business .
5. He is interested ----- (emigrate) to Canada.
6. Are you good at ----- (dance).

7. She is crazy about -----(read) romantic poems.
8. I can't help ----- (laugh) when I watch Mr Bean.
9. I can't imagine----- (be) anywhere else but here.
10. You should give up ----- (smoke).

Exercise 2. Complete the sentences with prepositions + gerunds (-ing forms).

Example:

My dad is used up early. (get)

My dad is used to getting up early.

My brother is good (dive)

I'm not very keen computer games. (play)

I have no objection the football match tonight.
(watch)

She is afraid her boyfriend. (lose)

We are fed nothing all the weekend. (do)

I'm tired in the queues at the airports. (wait)

We had difficulty the way to the museum. (find)

Are you interested your professional career? (build)

There's no point an old car. (buy)

I disapprove in restaurants. (smoke)

We are happy a new house. (have)

My daughter dreams a film star. (become)

John can't cope unemployed. (be)

Sarah is thinking to Greg's place. (move)

The children were accused the window. (smash)

Exercise3 Example:

Do you mind queues? (not care for | stand)

I don't care for standing in queues.

Have you seen the film? (look forward | to see)

No, I haven't. But I am it
tonight.

How did you get rid of the dogs? (leave off | bark)

Fortunately, they

Why didn't Jack do his homework? (put off | do)

He his homework till he fell asleep.

Have you ever played darts? (take to | play)

Of course, I have. I them a couple of years
ago.

Let's go to the zoo on Sunday. (be against | keep)

I'm sorry. I wild animals in cages.

Are you going to take the driving test again? (give up | get)

Yes, I am. I would never my driving license.

Why were you so angry with Matt? (keep on | shout)

I wanted to talk to him, but he just at me.

Are you going on holiday next week? What are you going to do with your
cats? (see about | feed)

Our neighbor promised that she would
them.

Did your daughter enjoy her birthday party? (end up | cry)

Not at all. Her best friend didn't come and
she

I am told that Sarah split up with her boyfriend last week. (go on | pretend)

Yes, she did. She couldn't that everything
was fine with all his affairs.

Exercise 4. Complete the sentences with the verbs in the box.

*complain become sell play cheat eat lie tell work get leave write do wake
have*

He admitted on the test.

You should avoid so much meat.

Please, consider your house if you need money.

I detest up when it's dark outside.

She denied the taxi without paying.

I enjoyed on the beach all day.

My sister fancies a popstar.

We finished our essays before noon.

The job in the supermarket involved at night.

I don't mind homework. Ha, ha.

My colleague kept all the time. It was annoying.

I took my umbrella. I didn't want to risk wet.

She practiced the piano all day.

I really appreciate your advice.

She couldn't resist us what she'd found out.

Vocabulary Loading

A, Using the words given in the box find pairs from the passage.

1. Adjustable	6. Employment	11. Inflation
2. Basket of	7. Deflation	12. International
3. Index	8. deflator	13. Producer
4. Core	9. Hyper	14. bias
5. Cost of	10. number	15. Substitution

Find matching pairs. Translate them into Uzbek.


Part 1	Part 2	Pairs	Translation
Producer	Good bias		
Substitution	Cost index		
Index	Inflation Index		
Hyper	Bias		
Core	Living adjustment		
International	Of goods		
Employment	Inflation		
Hours of	Price Number		
Quality	Price Index		
Consumer	Price Number		

Text 2


Read the text and translate it into Uzbek

Inflation measured by consumer price index (CPI) is defined as the change in the prices of a basket of goods and services that are typically purchased by specific groups of households.


Why Is Consumer Price Index Important?




It measures inflation



It's used to adjust other government economic indicators



It's used to improve benefit levels


the balance

Inflation is measured in terms of the annual growth rate and in index, 2015 base year with a breakdown for food, energy and total excluding food and energy. Inflation measures the erosion of living standards. A consumer price index is estimated as a series of summary measures of the period-to-period proportional change in the prices of a fixed set of consumer goods and services of constant quantity and characteristics, acquired, used or paid for by the reference population. Each summary measure is constructed as a weighted average of a large number of elementary aggregate indices. Each of the elementary aggregate indices is estimated using a sample of prices for a defined set of goods and services obtained in, or by residents of, a specific region from a given set of outlets or other sources of consumption goods and services. How is Consumer Price Index related to inflation? CPI tracks the rate of change in U.S. inflation over time. This key economic metric is based on prices that consumers pay for goods and services throughout the U.S. economy. The percentage change in CPI over a period of time is referred to as the inflation rate.

<i>Enhancing Your Vocabulary</i>	
<i>1- Match the words on the left with their synonyms on the right. Find their Persian equivalents with your partner.</i>	
Words Definitions	
1.Consumer	a. Rate-mortgage
2.Cost of	b. Brackets
3. Adjustable	c. Inflation
4. Tax	d. Price index
5. Inflated	e. Numbers
6. Index	f. Respective, proportional
7. Hyper	g. Dollars

UNIT 9. TRADE



UNIT FOCUS:

- **Reading 1: Trade**
- **Reading strategy: Summarizing Strategy**
- **Vocabulary: Synonyms**
- **Grammar: Present Perfect**
- **Reading 2: The pros and cons of trade**

Trade

Trade involves the transfer of goods and services from one person or entity to another, often in exchange for money. Economists refer to a system or network that allows trade as a market.



An early form of trade, barter, saw the direct exchange of goods and services for other goods and services, i.e. trading things without the use of money. Modern traders generally negotiate through a medium of exchange, such as money. As a result, buying can be separated from selling, or earning. The invention of money (and letter of credit, paper money, and non-physical money) greatly simplified and promoted trade. Trade between two traders is called bilateral trade, while trade involving more than two traders is called multilateral trade. In one modern view, trade exists due to specialization and the division of labour, a predominant form of economic activity in which individuals and groups concentrate on a small aspect of production, but use their output in trades for other products and needs. Trade exists between regions because different regions may have a comparative advantage (perceived or real) in the production of some trade-able commodity—including production of natural resources scarce or limited elsewhere. For example: different regions' sizes may encourage mass production. In such circumstances, trade at market prices between locations can benefit both locations. Different types of

traders may specialize in trading different kinds of goods; for example, the spice trade and grain trade have both historically been important in the development of a global, international economy. Retail trade consists of the sale of goods or merchandise from a very fixed location (such as a department store, boutique or kiosk), online or by mail, in small or individual lots for direct consumption or use by the purchaser. Wholesale trade is traffic in goods that are sold as merchandise to retailers, or to industrial, commercial, institutional, or other professional business users, or to other wholesalers and related subordinated services. Historically, openness to free trade substantially increased in some areas from 1815 to the outbreak of World War I in 1914. Trade openness increased again during the 1920s but collapsed (in particular in Europe and North America) during the Great Depression of the 1930s. Trade openness increased substantially again from the 1950s onwards (albeit with a slowdown during the oil crisis of the 1970s). Economists and economic historians contend that current levels of trade openness are the highest they have ever been

A. Based on the information given in the text select True, False, Not Given.

.....1- If imports exceed exports, the economy is said to have a trade deficit.

.....2- According to the Central Intelligence Agency's The World Fact book, in 2013, Germany ran a trade surplus of \$260 billion.

.....3- If exports and imports are different, then trade is balanced.

.....4- A series of financial crises triggered by unbalanced trade can lead economies into deep recessions

.....5- At some point, foreign investors become optimistic about the economy and move their money to other countries.

Grammar injection. Fill in the blanks with the correct form of the verbs from the reading one.

Develop, Experience, Measure, Become, Lead, Include, Mean, Is, Connect

1. The trade balance the gap between a country's exports and its imports.
2. At some point, foreign investorspessimistic about the economy and move their money to other countries.
3. Financial crises triggered by unbalanced trade caneconomies into deep recessions.
4. The U.S. economy in recent decades..... large trade deficits, in which imports have considerably exceeded exports.
5. The last two decades a surge in international trade in services; however, most global trade still takes the form of goods rather than services.
6. The current account balance the trade in goods, services, and money flowing into and out of a country from investments and unilateral transfers.
7. The United States large trade surpluses in the early 1980s, swung back to a tiny trade surplus in 1991, and then had even larger trade deficits in the late 1990s and early 2000s.
8. A current account deficit that, after taking all the flows of payments from goods, services, and income together, the country is a net borrower from the rest of the world
9. A current account surplus the opposite and means the country is a net lender to the rest of the world.
10. International flows of goods and services are closely.....to the international flows of financial capital.

Grammar rule:

Present Perfect

The present perfect is formed from the present tense of the verb have and the past participle of a verb.

We use the present perfect:

for something that started in the past and continues in the present:

They've been married for nearly fifty years.

She has lived in Liverpool all her life.

when we are talking about our experience up to the present:

I've seen that film before.

Present Perfect Tense

FORM: have / has + past participle

Affirmative: I **have seen** the film before.

She **has seen** the film before.

Interrogative: **Have** you **seen** the film before?

Has she **seen** the film before?

Negative: They **haven't seen** the film before.

He **hasn't seen** the film before.

PRESENT PERFECT – MEANING

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PAST RECENT EVENTS

We don't say when. Or with time expressions including now.

She's **had** an accident.

I've **passed** the exam.



JUST, ALREADY, YET

"Have you **finished** yet?" "Yes, I've already **finished**."

RECENTLY

Have you **seen** any good films recently?

TODAY, THIS WEEK,
THIS MONTH, ETC.

I **haven't seen** Ted today. Maybe he isn't feeling well.

PAST EXPERIENCES

We don't say when these events happened.

We've **been** to Rome and Florence.

I **haven't read** that book.



NEVER, EVER, BEFORE

"Have you ever **read** it?" "I **have never read** it."

Superlative + EVER

This is the best food I've ever **tried**.

Number of times
until now

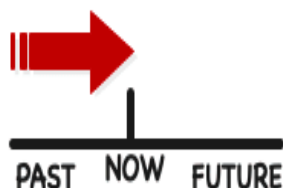
I've **seen** this film three times.

UNFINISHED SITUATIONS

Situations that started in the past and have not finished.

How long **have** you **been** here?

I **have been** here all day.



HOW LONG,
FOR, SINCE

We **have been** married for 20 years.

ALL + time expression

I've **lived** in this house all my life.

LATELY

We **have been** very busy lately.

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Present perfect tense

Irregular verbs

Present	Past	Present perfect
go	went	have / has gone
see	saw	have / has seen
eat	ate	have / has eaten
break	broke	have / has broken

Regular verbs

Present	Past	Present perfect
ask	asked	have / has asked
cook	cooked	have / has cooked
wait	waited	have / has waited
open	opened	have / has opened

Exercises:

1 Make the present perfect: positive, negative or question.

1. (you / keep a pet for three years)

2. (you / come here before?)

3. (it / rain all day?)

4. (who / we / forget to invite?)

5. (we / not / hear that song already)

6. (he / not / forget his books)

7. (she / steal all the chocolate!)

8. (I / explain it well?)

9. (who / he / meet recently?)

10. (how / we / finish already?)

11. (he / study Latin)

12. (I / know him for three months)

13. (where / you / study Arabic?)

14. (what countries / they / visit in Europe?)

15. (he / hurt his leg)

16. (she / leave her phone in a taxi)

17. (we / not / lose our tickets)

18. (she / call her mother?)

19. (he / take a taxi?)

20. (she / go / to the library)

2 Directions: Write the correct form of the present perfect for each verb given in parentheses. If there is an adverb, it is included after the verb.

1. Mark (grow) _____ three inches in the last six months!

2. My dog (bury) _____ many bones in the backyard.

3. Teresa and Anne (talk) _____ to their landlord many times about the broken light fixture in their kitchen.

4. Unfortunately, he (fix, still, not) _____ it.
5. I (visit) _____ New York City many times.
6. Elizabeth (catch) _____ three colds this winter.
7. Because of this, she (go, not) _____ skiing since December.
8. Tom (decide) _____ to join a health club.
9. Rita (write, not) _____ a letter to Paul since the beginning of the semester.
10. Paul wonders why Rita (answer, not) _____ his letters.
11. He thinks that she (forget) _____ him.
12. However, this is not true. She (be) _____ very busy studying and working, and she will write to him when she gets a chance.

3 Past or Present Perfect Tense – Simple form

1. The weather _____ (be) awful in the past few days.
2. We _____ (wash) the dishes. They're clean now.
3. _____ (your course, start) yet?
4. Emma _____ (pack) her suitcase last night.
5. They _____ (close) the factory. – Really? When _____ (that happen)?
6. Shall we play tennis? We _____ (not play) since we were children.
7. The airplane _____ (land). The pilot is just getting out.
8. Prices _____ (go) up. Everything is more expensive this year.
9. I'm tired. We _____ (walk) 10 miles.
10. The Queen _____ (arrive) in an RAF helicopter last night.
11. How long _____ (Vicky, have) that camera? – For about a month.
12. We _____ (just come) back from our holidays.

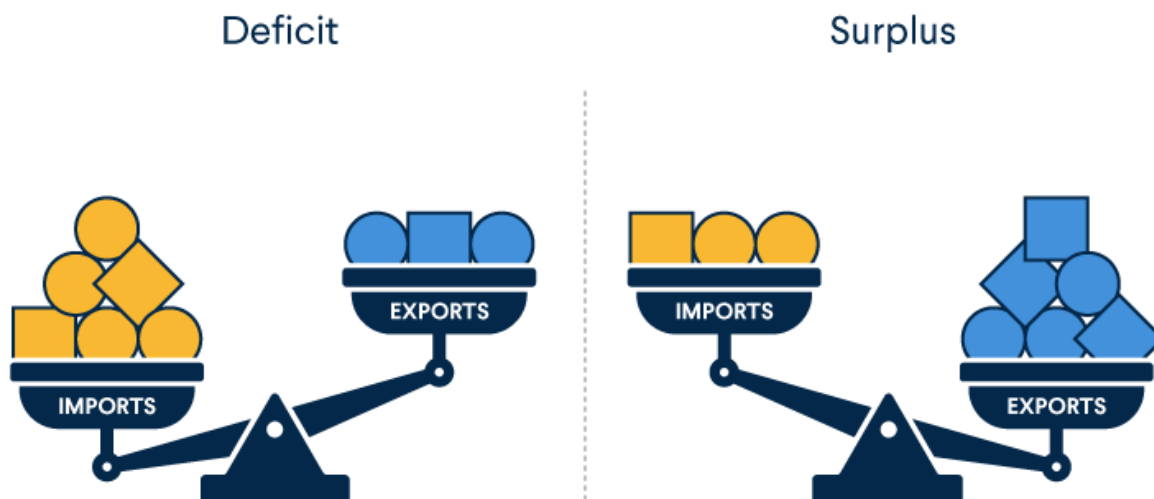
13. Your parcel _____ (arrive). The postman _____ (bring) it two hours ago.
14. He _____ (be) at his computer for two hours.
15. We _____ (live) there for ten years but we _____ (be) in Birmingham for the last two.
16. We _____ (not have) a party for ages.
17. My sister's car is only a year old but she _____ (already crash) it.
18. Dinosaurs _____ (roam) the earth millions of years ago.
19. It _____ (not rain) yet today.
20. _____ (you see) last week's magazine? - It must be here somewhere.

Read the text and translate it into Uzbek.

By the end of this section, you will be able to:

Identify three ways in which borrowing money or running a trade deficit can result in a healthy economy

Identify three ways in which borrowing money or running a trade deficit can result in a weaker economy



World101

Because flows of trade always involve flows of financial payments, flows of international trade are actually the same as flows of international financial capital. The question of whether trade deficits or surpluses are good or bad for an economy is, in economic terms, exactly the same question as whether it is a good idea for an economy to rely on net inflows of financial capital from abroad or to make net investments of financial capital abroad. Conventional wisdom often holds that borrowing money is foolhardy, and that a prudent country, like a prudent person, should always rely on its own resources. While it is certainly possible to borrow too much—as anyone with an overloaded credit card can testify—borrowing at certain times can also make sound economic sense. For both individuals and countries, there is no economic merit in a policy of abstaining from participation in financial capital markets. It makes economic sense to borrow when you are buying something with a long-run payoff; that is, when you are making an investment. For this reason, it can make economic sense to borrow for a college education, because the education will typically allow you to earn higher wages, and so to repay the loan and still come out ahead. It can also make sense for a business to borrow in order to purchase a machine that will last 10 years, as long as the machine will increase output and profits by more than enough to repay the loan. Similarly, it can make economic sense for a national economy to borrow from abroad, as long as it wisely invests the money in ways that will tend to raise the nation's economic growth over time. Then, it will be possible for the national economy to repay the borrowed money over time and still end up better off than before. One vivid example of a country that borrowed heavily from abroad, invested wisely, and did perfectly well is the United States during the nineteenth century. The United States ran a trade deficit in 40 of the 45 years from 1831 to 1875, which meant that it was importing capital from abroad over that time. However, that financial capital was mostly invested in projects like railroads that brought a substantial economic payoff. (See the following Clear It Up feature for more on this.) A more recent example along these lines is the experience of South Korea, which had trade

deficits during much of the 1970s—and so was an importer of capital over that time. However, South Korea also had high rates of investment in physical plant and equipment, and its economy grew rapidly. From the mid-1980s into the mid-1990s, South Korea often had trade surpluses—that is, it was repaying its past borrowing by sending capital abroad. In contrast, some countries have run large trade deficits, borrowed heavily in global capital markets, and ended up in all kinds of trouble. Two specific sorts of trouble are worth examining. First, a borrower nation can find itself in a bind if it does not invest the incoming funds from abroad in a way that leads to increased productivity. Several of Latin America's large economies, including Mexico and Brazil, ran large trade deficits and borrowed heavily from abroad in the 1970s, but the inflow of financial capital did not boost productivity sufficiently, which meant that these countries faced enormous troubles repaying the money borrowed when economic conditions shifted during the 1980s. Similarly, it appears that a number of African nations that borrowed foreign funds in the 1970s and 1980s did not invest in productive economic assets. As a result, several of those countries later faced large interest payments, with no economic growth to show for the borrowed funds.

CLEAR IT UP

Are trade deficits always harmful?

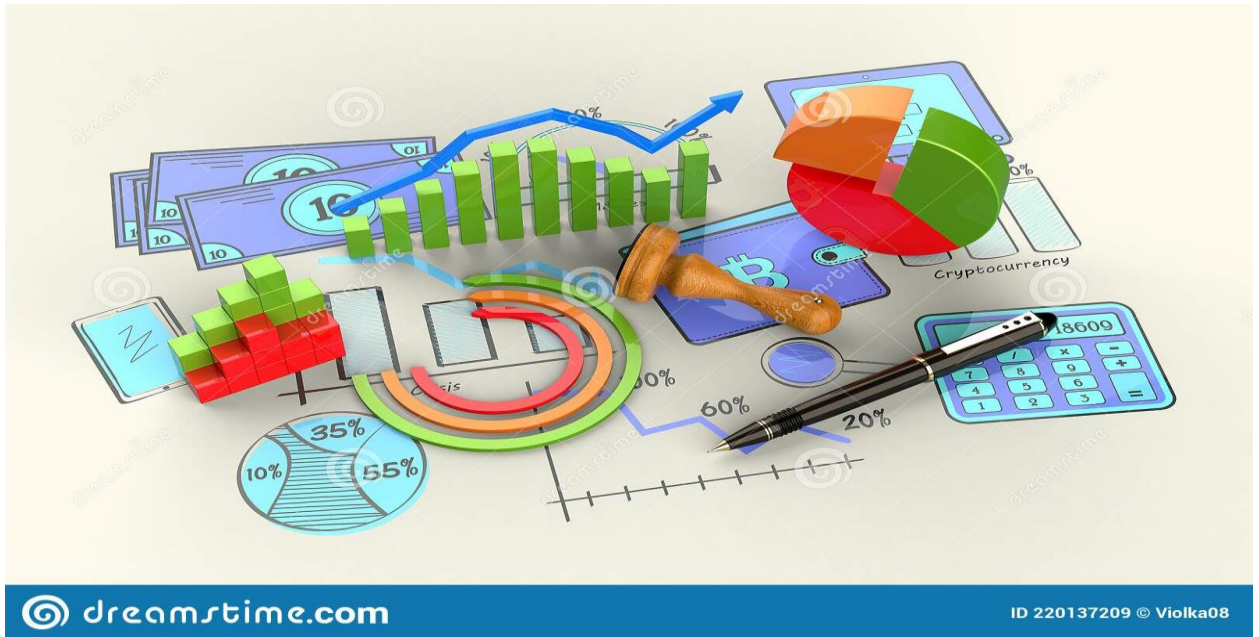
For most years of the nineteenth century, U.S. imports exceeded exports and the U.S. economy had a trade deficit. Yet the string of trade deficits did not hold back the economy at all. Instead, the trade deficits contributed to the strong economic growth that gave the U.S. economy the highest per capita GDP in the world by around 1900.

The U.S. trade deficits meant that the U.S. economy was receiving a net inflow of foreign capital from abroad. Much of that foreign capital flowed into two areas of investment—railroads and public infrastructure like roads, water systems, and schools—which were important to helping the U.S. economy grow. We should not overstate the effect of foreign investment capital on U.S. economic growth. In most

years the foreign financial capital represented no more than 6–10% of the funds that the government used for overall physical investment in the economy. Nonetheless, the trade deficit and the accompanying investment funds from abroad were clearly a help, not a hindrance, to the U.S. economy in the nineteenth century. A second “trouble” is: What happens if the foreign money flows in, and then suddenly flows out again? We raised this scenario at the start of the chapter. In the mid-1990s, a number of countries in East Asia—Thailand, Indonesia, Malaysia, and South Korea—ran large trade deficits and imported capital from abroad. However, in 1997 and 1998 many foreign investors became concerned about the health of these economies, and quickly pulled their money out of stock and bond markets, real estate, and banks. The extremely rapid departure of that foreign capital staggered the banking systems and economies of these countries, plunging them into deep recession. We investigate and discuss the links between international capital flows, banks, and recession in *The Impacts of Government Borrowing*.

While a trade deficit is not always harmful, there is no guarantee that running a trade surplus will bring robust economic health. For example, Germany and Japan ran substantial trade surpluses for most of the last three decades. Regardless of their persistent trade surpluses, both countries have experienced occasional recessions and neither country has had especially robust annual growth in recent years. Read more about Japan’s trade surplus in the next Clear It Up feature.

UNIT 10. ECONOMIC ANALYSIS AND AUDIT



UNIT FOCUS:

- **Reading 1: Economic analysis in audit**
- **Reading strategy: Summarizing Strategy**
- **Vocabulary: Synonyms**
- **Grammar: Past Simple Passive**
- **Reading 2:**

Reading 1. Translate it into Uzbek

The use of economic analysis methods in the audit process is convenient for auditors and is widely used in audit planning, conducting audits and formulating audit opinions. Among other indicators in determining the effectiveness of equity in the audit of private capital, the rate of return on equity (ROE) is an important indicator



for business. Based on the experience of foreign countries, i.e. the experience of the Russian Federation, we propose to publish the main financial ratios in tabular form in accordance with the requirements of IFRS when publishing the financial statements of enterprises in the open press. We believe that this will ensure the implementation of the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated December 9, 2020 No 775 "On measures to further improve the system of performance evaluation of the executive body of state-owned enterprises.". The PCAOB leverages economic analysis to more effectively set certain standards, rules, and guidance. Through economic analysis, we evaluate and refine our oversight to ensure that it remains effective. A core component of the Public Company Accounting Oversight Board's (PCAOB) oversight is setting standards for firms to follow as they prepare audit reports for public companies and other issuers, and broker dealers. In setting standards, we follow an evidence-based approach which includes economic analysis. This approach is responsive to the financial reporting and auditing environments, carefully weighs costs, benefits, and potential unintended consequences, and contemplates our mission to protect investors. This Spotlight outlines how we conduct economic analysis and gather stakeholder input, both before and after our standards take effect. We drafted this Spotlight in response to frequently asked questions we have received this year

from audit committee chairs and others who have asked if we perform cost benefit analysis of our standards.

Grammar: Past Simple Passive



The past simple passive is formed by using **'was' or 'were'** plus **the past participle**. The passive is used when *the person or thing that did the action is unknown, unimportant or not the focus of our interest*. We use **'by'** with the passive if we want to identify who or what did the action.

The Passive Voice

past simple tense

Example:

***The house** was built in 1980.*



Form: **was** } **+ past participle**
 were }

part of the verb 'to be' + past participle

Make the sentences passive (past simple).

1. Somebody lost the letter.

2. Somebody found the key.

3. Somebody made mistakes.

4. Somebody loved that woman.

5. Somebody cleaned the rooms.

6. Somebody fixed the computer.

7. Somebody built that house.

8. Somebody wrote War and Peace.

9. Somebody painted The Mona Lisa.

10. Somebody stole my wallet.

11. Somebody prepared lunch.

12. Somebody drank a lot of coffee.

13. Somebody forgot the papers.

14. Somebody closed the windows.

15. Somebody invited Julie and Luke to a party.

16. Somebody built a website.

17. Somebody ate all the cakes.

18. Somebody told me to wait.

19. Somebody employed a lot of new waiters.

20. Somebody opened a shop.

Answers

1. The letter was lost.
2. The key was found.
3. Mistakes were made.
4. That woman was loved.
5. The rooms were cleaned.
6. The computer was fixed.
7. That house was built.
8. War and Peace was written.
9. The Mona Lisa was painted.
10. My wallet was stolen.
11. Lunch was prepared.
12. A lot of coffee was drunk.
13. The papers were forgotten.
14. The windows were closed.
15. Julie and Luke were invited to a party.
16. A website was built.
17. All the cakes were eaten.
18. I was told to wait.
19. A lot of new waiters were employed.
20. A shop was opened.

Exercise 2. Complete the sentences with the verbs in brackets.

Life in the 19th century in Britain

Lamps and candles for light, because there was no electricity. (use)

A coach instead of a car to move from place to place. (buy)

By the 1860's bicycles along with horses. (ride)

A simple small house by a poor family. (build)

Luxurious palaces by wealthy aristocratic families. (own)

Top hats and suits with tails by men in cities. (wear)

A dress to hide woman's legs. (design)

Girls from well-off families at home. (educate)

Boys from rich families to public schools. (sent)

A child from a poor family to work. (force)

Rapid changes about in everyday life by industrialization. (bring)

A huge demand for goods and services (create)

Exercise 3. Rewrite the sentences. Use the past simple passive.

We used this car for our trips during summer holidays.

This car for our trips during summer holidays.

They didn't clean the bird cages at all.

The bird ages

You could cut the branch off with this Swiss knife.

.....

Too many tourists annoyed me when I was in Barcelona in August.

.....
They didn't tell us what to do about it.

.....
Cars killed a lot of pedestrians in big cities.

.....
IT companies increased profits by more than ten per cent last year.

.....
He didn't expect us to help him with his homework.

.....
The police did a lot, but it was not enough.

.....
They didn't bring this laptop from Japan, I think.

.....
People couldn't save many houses after the storm last week.

Key with answers

This car was used for our trips during summer holidays.

The bird cages weren't cleaned at all.

The branch could be cut off with this Swiss knife.

I was annoyed by too many tourists when I was in Barcelona in August.

We weren't told what to do about it.

A lot of pedestrians were killed by cars in big cities.

Profits were increased by more than ten per cent last year by IT companies.

We weren't expected to help him with his homework.

A lot was done by the police, but it was not enough.

This laptop wasn't brought from Japan, I think.

Many houses couldn't be saved after the storm last week

Exercise 4. Use the words to make sentences in the past simple passive. ____

Example: two | break | glasses - Two glasses were broken.

What happened after a birthday party

tidy up | the room | not

.....

on | sandwiches | the table | leave | some

.....

empty | not | waste bin

.....

with | coke | stain | the sofa

.....

plates and forks | everywhere | leave

.....

under | empty bottles | the bed | put

.....

damage | flowers | some

.....

fill | the kitchen sink | dirty dishes | with

.....

not | most lights | switch off

.....

close | the front door | not

.....

Answers:

The room wasn't tidied up.

Some sandwiches were left on the table.

The waste bin wasn't emptied.

The sofa was stained with coke.

Plates and forks were left everywhere.

Empty bottles were put under the bed.

Some flowers were damaged.

The kitchen sink was filled with dirty dishes.

Most lights weren't switched off.

The front door wasn't closed.

Text 2 Read the text and translate it into Uzbek



In today's world, knowledge accuracy, reliability, and consistency play a critical role in determining the likelihood of a company's survival and the efficiency of its financial and economic operations. In addition to this aspect, the dissertation emphasizes that it is primarily important for management to develop a strategy for the development of the enterprise and ways to increase its efficiency, control its compliance with the requirements of the legislation on taxation as well as business entities' operations and business relationships. In this regard, the issue of correct understanding of the essence of the audit, the concepts of “audit”, “auditing activity” and “audit audits” is of fundamental importance. The author backs up the following points of view on a variety of approaches to these issues: 1) It is necessary to form clear definitions by distinguishing the concepts of “audit”, “auditing activity”, “audit inspections”, and “audit services”. As a consequence, if other problems are addressed using audit reports, something is not quite correct. It is simply a matter of audit services, and audits are seen as a type of audit service. The possibility of harmonization, or rather, the distinction between appropriate and inappropriate audit services, is a significant challenge in this field. 2) Given the growing importance of audit-related resources, the widespread use of modern

information technology, and the widespread use of initiative audits to perform systematic audits, the words “audits,” “audit operations,” “audit services,” and “audit as a whole” have become interchangeable. The significance of accurate identification cannot be overstated. This topic is broader than the development of theoretical and methodological concepts related to auditing and has not lost its relevance today. The need to assess the position of audit in the overall system of financial control is related to the analysis of the ratios of “external audit and internal audit,” “external audit and internal control,” and “financial control and audit” in the system of audit concepts or 10 words. The author stresses that there is no standard meaning of the word “audit” based on an in-depth analysis of approaches to the essence and economic content of an audit. Thus, according to some economists, an audit - “is an independent auditor's independent review of an entity's financial statements and the expression of an opinion on the accuracy of the financial statements in compliance with established procedures ”(R. Adams)”; “obtaining and reviewing objective information about the audited organisation, assessing their degree of conformity with certain requirements, and delivering the findings to the appropriate users” (C. Robertson, FL Defliz, QR Genik, et al.); “the process of gathering and analyzing relevant data to assess the degree of compliance with existing standards and represent it in one's own opinion” (EAArens and CKLobbeck); “accounting and management to assess the quality of the accounting report, as well as objective verification of the state of internal control, enforcement of financial and economic activities as well as the report’s accuracy in compliance with the law” (VI Podolskiy, AA Savin, LV Sotnikova). Another problem is that the audit role is limited in most economic literature and analysis, as well as official regulations and acts, to checking accounting accuracy and determining the accuracy of financial statements. However, international auditing experience indicates that in business environments, it can cover the resolution of more relevant issues such as resource quality, financial position evaluation, solvency, reserve recognition and mobilization, and other such issues. The main aim of the audit, it is

argued, is to determine the accuracy of the financial statements in terms of their economic substance, in addition to verifying the accuracy of the financial statements from an accounting perspective. In terms of the audit's intent, the dissertation stresses the importance of expanding the concept of auditing and moving away from an audit that only considers the organization's past activities and confirms the quality of accounting (financial) statements to a future-oriented audit. In other words, the audit entity's consistency is an impartial professional analysis of the financial statements' quality and legal enforcement to ascertain the likelihood and efficacy of its work. The content and main purpose of the economic (financial) analysis in the audit is to assess the financial condition of the organization and identify its opportunities to increase efficiency. Economic analysis is primarily used at the microeconomic level of management, in terms of the attraction and effective use of financial capital, the implementation of cost-cutting steps, improving management performance, and improving key elements such as forecasting, accounting, and control. The analysis is a series of procedures for assessing the report's reliability, the organization's current financial situation, and the organization's growth prospects in the most critical areas to determine the likelihood of continuity of the organization's operations and management performance. One of the issues of using economic analysis in auditing is that the terms "analytical procedures" and "economic analysis" are often used interchangeably. Of course, although there are commonalities between analytical procedures of audit and economic analysis, in our opinion, these concepts cannot be equated. Thus, the information that is verified in the audit process serves as a source of information for economic analysis, while analytical procedures as a form of substantive audit procedure are used to obtain audit evidence when forming an opinion on the accuracy of financial statements. At the same time, if the purpose of economic analysis is to assess the probability of continuity of the organization's activities and the effectiveness of its management, as well as forecasting future development, the purpose of analytical procedures is to identify unusual and (or)

incorrectly reflected business transactions, such as errors and identification of the causes of distortions. According to the economists, the aim of economic analysis in audits is to locate high-risk areas of the audited business using a collection of analytical procedures, reduce the workload of financial audits, improve the efficiency of inspections, and forecast the organization's future growth prospects. Given the high level of analytics of the audit engagement, both in terms of its content and its solution, it is understandable that analytical procedures should be used to ensure the purpose of the audit. 58 Analytical procedures are important coefficients in BAS Analytical Procedures and are described as a method of analyzing patterns and then observing their changes and interactions.

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