

**2. Work in pairs. Look through the paragraph below and fill in the table.**

Every economic system tries to anticipate and then meet human needs through the production and distribution of goods and services. The economic system is the mechanism that brings together natural resources, the labor supply, technology, and the necessary entrepreneurial and managerial talents. So, the first ingredient of an economic system is the natural resources from which goods are produced, and which include the natural fertility of the soil, minerals, forests, rivers and the riches of the sea. Unlike the other ingredients, the natural resources are limited in supply, but good organization of living helps cope with this problem. Second, the amount of available labor and its quality – how hard people are willing to work and how skilled they are – helps determine the health of an economy. The strong emphasis placed on education, including technical and vocational education, also contributes to a country's economic success. Third, enterprises, which are well organized, well managed and which use up-to-date equipment will generally be more efficient than those, which are poorly equipped and badly managed. This means that an enterprise should follow the world technological achievements in order to perform better results. And last but not least, no economic system can do without such an ingredient as entrepreneurship. The existence of abundant natural resources and a skillful and willing labor force accounts for only part of the structure of a country's economy. If left to themselves, these ingredients will not produce anything.

The resources must be brought together and directed as efficiently as possible into the areas where they will be most productive. So, once the first entrepreneurial investment of capital has been made, someone must be hired to manage the business, factory or other endeavor – to take the decisions on what, how and where to produce, and to undertake all the responsibilities and the risks.

The economic system consists of:

(1) \_\_\_\_\_ that include: (a) \_\_\_\_\_, (b) \_\_\_\_\_, (c) \_\_\_\_\_, (d) \_\_\_\_\_ and (e) \_\_\_\_\_.

(2) \_\_\_\_\_ and \_\_\_\_\_. The health of economy depends on: (a) \_\_\_\_\_ and \_\_\_\_\_, including \_\_\_\_\_, (b) \_\_\_\_\_, and \_\_\_\_\_.

(3) To be a success, an enterprise should be: (a) \_\_\_\_\_, (b) \_\_\_\_\_, and (c) \_\_\_\_\_.

(4) \_\_\_\_\_ that should decide \_\_\_\_\_ and to assume \_\_\_\_\_ and \_\_\_\_\_.

3. Work in pairs. Find in the passage the words with the same meaning as those given below. What relation are they used in the passage in?

Expect; satisfy the requirements; capitalist; component; productiveness; manage with; quantity; existing; professional training; add; venture; modern; free enterprise; plentiful; justify; undertaking; assume.

4. Work in pairs. Match the terms GNP and GDP with their explanations below. Then look through the passage below to decide whether the statements below are true or false. Explain your answers.

gross national product (GNP)	A. total annual value of all goods and services produced in a country, except for income received from abroad		
gross domestic product (GDP)	B. total annual value of all the goods and services produced in a country		
		TRUE	FALSE
GNP can be used to measure economic growth, but GDP cannot			
Real GNP is related to the price increases			
Real GNP does not depend upon the changes in population			
If you reduce unemployment, GNP will permanently on rise			
As soon as all resources are completely employed, the GNP increase will stop			
If any two countries have the same rates of economic growth, the difference in their living standards will always stay the same			



Economic growth refers to an increase in a country's annual output of goods and services. The measurement of output, which is used to measure economic growth is normally the Gross National Product (GNP). However, the Gross Domestic Product (GDP) is also used for this purpose. The rate of economic growth is often used as a measurement of changes in the standard of living. This means that it is changes in real GNP, which are important. Increases in GNP, which are simply due to price increases cannot be treated as economic growth. If changes in GNP are to be used to measure how the standard of living is changing, we must also take account of population changes. For example, if real GNP increases

by 3 percent in one year, but total population also increases by 3 percent in the same year, there would be no change in the average standard of living. It is growth in output per person, which makes higher living standards possible. Economic growth can come about in two ways. First, a country may have many people out of work

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(3) To be a success, an enterprise should be: (a) \_\_\_\_\_, (b) \_\_\_\_\_, and (c) \_\_\_\_\_.

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and much capital and land lying idle. If these resources are put to work, GNP will increase. This is described as short-run growth because, if other things do not change, there will be no further growth once full employment has been achieved. And second, even when all resources are fully employed, however, economic growth is still possible. Increases in the supplies of labor and capital, and increases in the efficiency with which economic resources are being used, will lead to increases in total output. This is described as long-run growth. If a rich country and a poor country have the same rates of economic growth, the difference in their living standards will not stay the same, it will be getting larger and larger.

**5. Work in pairs. Discuss the problem questions below and for questions 1–12 read the text and choose from the list A–L the best phrase given below to fill each of the spaces. Then go back to the problem questions and discuss them again.**



### PROBLEM QUESTIONS

What is inflation? Can prices fall during inflation? What is hyperinflation? What are the causes of inflation? How can the government control inflation? What may happen if prices are held down during inflation? What may happen if wages are held down during inflation?

Inflation describes a situation where prices are persistently rising. It does not mean that all prices are moving \_\_\_\_\_ (1), or even in the same direction. Some prices may be rising very sharply, others may be rising very little, and a few may even be falling. Inflation is taking place when prices, \_\_\_\_\_ (2), are rising. Inflation may also be described as a situation where the value of money is falling. When prices are rising, the purchasing power of a monetary unit, e.g. a dollar, is falling; it will buy fewer and fewer goods and services. Inflation has been \_\_\_\_\_ (3) in the post-war period, but different countries have experienced very different rates of inflation. Some countries, such as Swit-

zerland and Japan, have had relatively low rates of inflation. On the other hand, Brazil experienced inflation \_\_\_\_\_ (4) of 200 per cent per annum in 1984, and in 1985 Bolivia had an inflation rate of more than 20000 per cent per annum. Extremely high rates of inflation \_\_\_\_\_ (5) are described as hyperinflation. There is still much disagreement among economists on the causes of inflation. Some of them believe that prices are pulled upwards by excess demand. Others maintain that prices are pushed upwards by rising costs. Many economists now believe that inflation takes place when \_\_\_\_\_ (6) is allowed to rise at \_\_\_\_\_ (7) than total output. Governments have the power to control prices, and this would seem \_\_\_\_\_ (8) of controlling inflation. However, if prices are \_\_\_\_\_ (9) the equilibrium level, shortages arise and these could lead \_\_\_\_\_ (10) of rationing. Another problem is that if prices are held down while costs are still rising, many firms could find themselves making losses and be \_\_\_\_\_ (11) down. Nevertheless, it is not \_\_\_\_\_ (12) that workers will accept controls on wages unless the government also places some kind of control on prices.

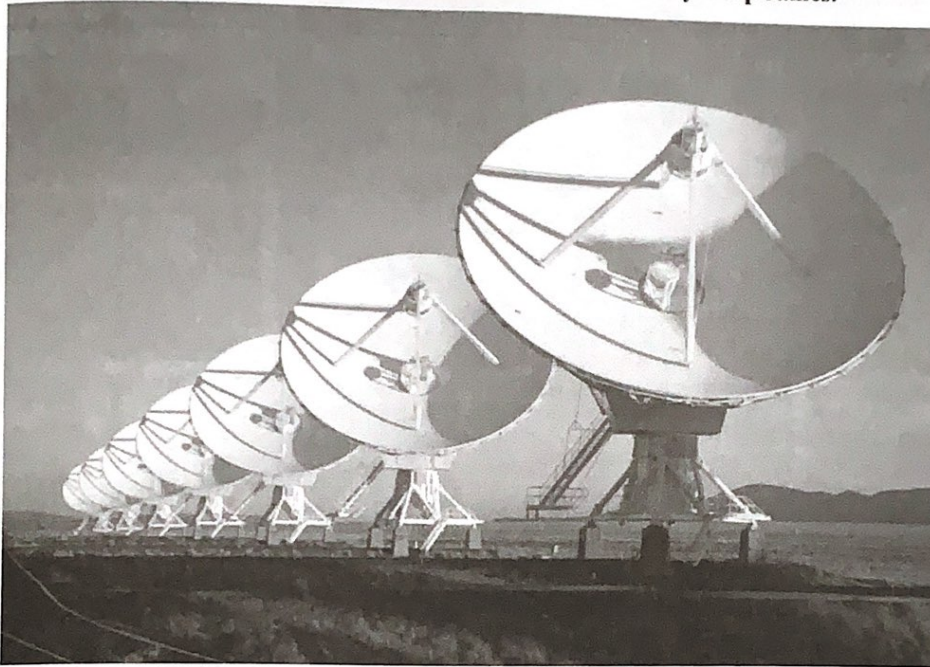
- |                    |                     |                   |                         |
|--------------------|---------------------|-------------------|-------------------------|
| A. to some form    | D. a faster rate    | G. at a rate      | J. to the same extent   |
| B. very likely     | E. the money supply | H. on average     | K. such as these        |
| C. forced to close | F. held down below  | I. an obvious way | L. a world-wide problem |

**6. Work in pairs. Explain the meaning the words and word combinations below are used in the passage in.**

1. value of money; 2. purchasing power; 3. monetary unit; 4. rates of inflation; 5. per annum; 6. hyperinflation; 7. demand; 8. excess demand; 9. rising costs; 10. total output; 11. power to control prices; 12. equilibrium level; 13. shortage; 14. rationing; 15. hold down prices; 16. make losses; 17. accept controls on wages.

**PART 2  
LINOLEUM PETROLEUM**

A new portion of Lappy's tasks, this time on industry. Help James.



1. Work in pairs. What branches of industry can you think of? Make a list of them. Discuss your list with the other students of your class.
2. Work in pairs. Distribute the industries below among the three categories: heavy industry, light industry, services.

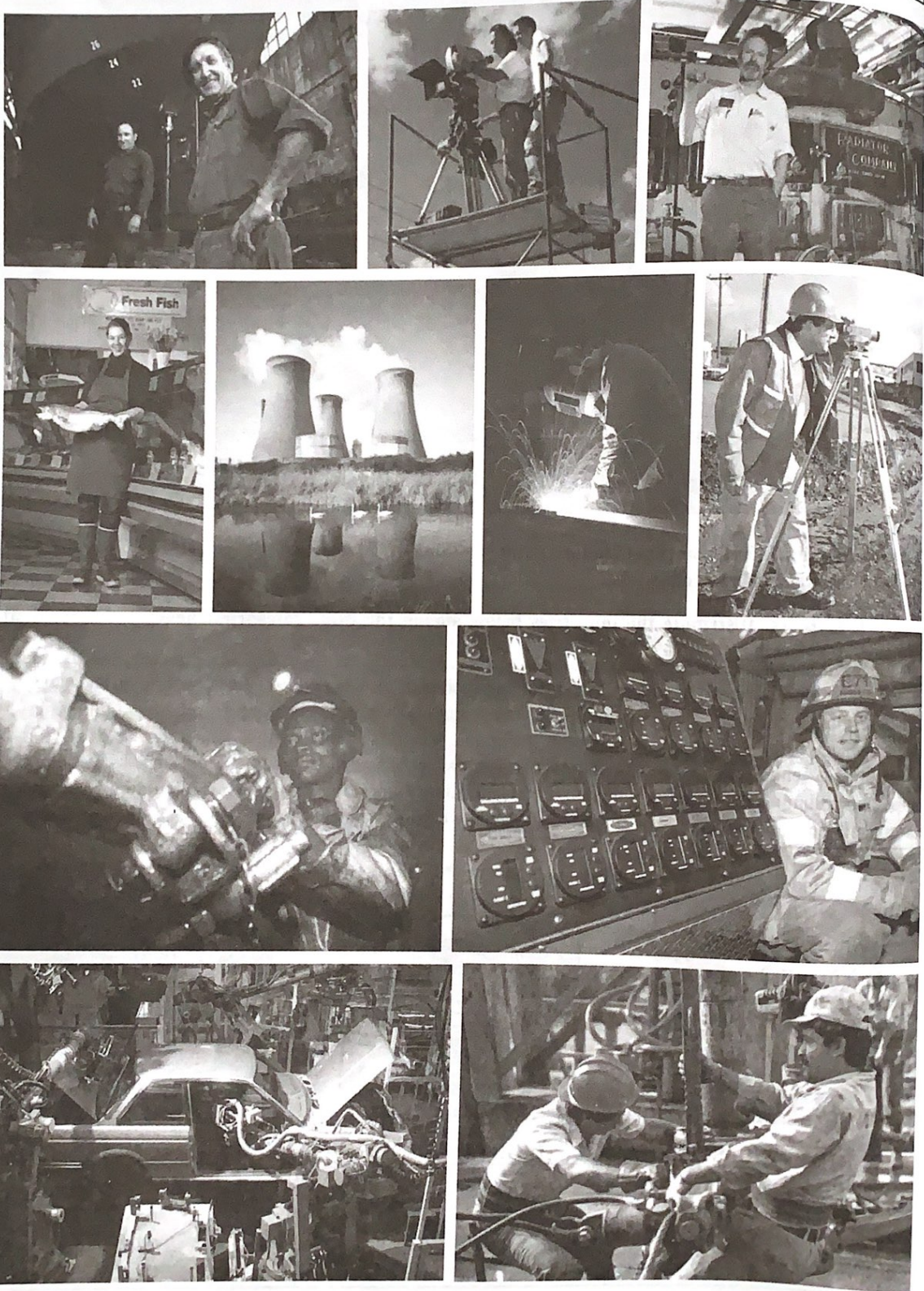
oil extraction power generation wood-working tobacco banking food fuel wood pulp and paper wholesaling chemical gas-and-oil pipeline transportation drinks electronics retailing oil refinery pharmaceuticals insurance construction materials electrical engineering paper gas extraction instrument engineering forestry shipping futures publishing computing non-ferrous metallurgy pipe-and-rolling coal-mining pottery ferrous metallurgy printing tourism shipbuilding aerospace consultancy construction petrochemical metal-working synthetic fibres mechanical engineering










HEAVY INDUSTRY	LIGHT INDUSTRY	SERVICES

3. Work in pairs. Look at the photos below. What branches of industries do they illustrate? Choose from the box below and the one in the previous exercise. Compare and contrast the photos.

textile automotive aircraft wine leather paint-and-varnish flower-and-cereals dairy-and-meat  
 brewing film-making baking refrigeration electronic



4. Work in pairs. Match the description of the UK industries (1-7) with their names (A-G). Then fill in the table. There is an example at the beginning.

Industry	Materials and Installations	Products
 A. Power Generation (6)	oil, natural gas, coal; gas turbine power stations, nuclear power stations, plant and equipment	electricity
 B. Offshore Industries		
 C. Mineral/Metal Products		
 D. Chemical Industry		
 E. Pharmaceuticals		
 F. Mechanical Engineering		
 G. Electrical, Electronic and Instrument Engineering		

- 1 This industry's trade surplus is the second largest of all manufacturing sectors. Employing over 87,000 people directly, it supports employment for a quarter of a million others in related activities. Britain is the world's fourth largest exporter of medicines. It is also active in biotechnology research and has made major advances in the development of drugs such as human insulin and genetically-engineered vaccines.
- 2 This industry is the third largest in Western Europe. The most important products in the organic chemicals range are ethylene, benzene and propylene. A substantial proportion of world research and development in agrochemicals is conducted in Britain. Much of inorganics production consists of relatively simple bulk chemicals, such as sulphuric acid. Expansion in the plastics sector recently has been mainly in thermoplastics.
- 3 An extensive range of computer hardware systems and associated equipment and software is produced in Britain. Several leading overseas manufacturers have manufacturing plants in Britain. British firms and research bodies have been active in developing new semiconductor materials, which can help computers work much faster. British Telecom (BT) is the main customer for communications network equipment. Supported by a technically advanced cable industry, it has led in the development of optical fibre communications systems.
- 4 Britain is the world's ninth largest oil producer and the fifth largest gas producer. Developing North Sea oil and gas has created a huge support industry offering equipment and services to oil and gas companies at home and abroad. The two leading British oil companies are British Petroleum (BP) and Shell (the latter is part Dutch).
- 5 Major products include plant and machinery for industries such as chemicals, power and water, as well as fabricated steelwork for bridges, buildings and industrial installations. Britain is among the Western world's biggest producers of tractors. Almost all the output of machine tools is purchased by domestic industries. Most sales of textile machinery are to export markets. Overseas orders for mining machinery and tunnelling equipment are also substantial.
- 6 Britain has the largest energy resources of any EC country. Almost all of Britain's energy is provided by oil, natural gas and coal. The electricity supply and gas industries have been privatised, with gas increasingly used to produce electricity in combined cycle gas turbine power stations. Around 20 per cent of electricity is supplied by nuclear power stations. British companies sell a vast range of plant and equipment to the energy industries.
- 7 Producing about 80 per cent of Britain's crude steel, British Steel is the fourth biggest steel company in the Western world. In addition to its large output of non-ferrous metals and their alloys, like aluminium and copper, Britain is also a major producer of specialised alloys for the aerospace, electronic, petrochemical, nuclear and other fuel industries. Titanium and titanium alloys, for example, are used in aircraft production. The ceramics industry manufactures domestic pottery, sanitaryware and tiles. Britain is the world's leading manufacturer and exporter of fine bone china.

**5. Work in pairs. Use the table you have just filled in to describe the UK industries.**

**Model:** *The UK power generation industry produces electricity on the basis of oil, natural gas and coal, which are transformed into energy by means of plant and equipment at electric power stations. The combined cycle gas turbine power stations have been increasing in number lately. However, about 20 per cent of electricity is produced by nuclear power stations.*



we have, federal and state entities have proved capable of pragmatic action.

### 11. Translate

У Великій Британії дуже розвинуті високотехнологічні види промисловості, такі як фармацевтика, електроніка, аерокосмічна промисловість та виробництво офшорного обладнання. Британські компанії у цих галузях належать до найпотужніших та найуспішніших у світі. Британська хімічна промисловість посідає третє місце серед найбільших у світі. Понад половини продукції експортується. Традиційно Велика Британія була найбільшим виробником основних промислових хімікалій, таких як основні та неорганічні хімічні речовини, пластики та добрива. За останні роки особливо швидко розвивалось виробництво спеціальних хімікалій, фармацевтичної та косметологічної продукції. Британська фармацевтична промисловість посідає четверте місце в світі з експорту ліків, що становить 12 відсотків світового ринку. Серед досягнень британських компаній – нові засоби лікування астми, артрити, мігрені та коронарної

хвороби серця. Британська біотехнологія поступається тільки американській. Біотехнологія дозволила компаніям виробляти продукцію з використанням генетичних модифікацій. Велика Британія зробила багато у таких галузях, як розробка ліків, наприклад, людський інсулін та інтерферони; щеплення, створені за допомогою генетичної інженерії; виготовлення антибіотиків за допомогою ферментації; створення сільськогосподарських продуктів, наприклад, стійких до інфекції врожаїв, а також у виробництві медичних діагностичних приладів. Машинобудування – галузь, де британські фірми досягли значних успіхів, особливо, у виробництві обладнання для тракторів на колесах, двигунів внутрішнього згорання, підйомних вантажівок та компресорів. Велика Британія – один з найбільших у світі виробників тракторів, що складають майже три чверті випуску обладнання для сільського господарства. Велика Британія посідає шосте місце в світі з виробництва верстатів. Електронна промисловість Великої Британії посідає четверте місце у світі. Її продукція – це комп'ютери, комунікаційне обладнання та широке коло компонентів. Окрім виробництва різноманітних комп'ютерів та іншого комп'ютерного обладнання, британські фірми створюють програмні продукти для комп'ютерів, і є особливо сильними на спеціалізованих ринках, таких як штучний розум, комп'ютерний дизайн, математичні програми, географічні інформаційні системи та візуалізація даних.

Серед інших галузей виробництва – вироби з металу та глини, кораблебудування та морська інженерія, тютюнова, текстильна та швейна промисловість, паперова, видавнича промисловість та друкарство. Компанія 'Бритіш Стіл' виробляє майже три чверті нерафінованої сталі. Крім кольорових металів та їхніх сплавів, таких як алюміній та мідь, британські фірми також виробляють спеціальні сплави для аерокосмічної, електронної, фармацевтичної, ядерної та інших видів промисловості. Велика Британія є одним з найбільших у світі виробників та експортерів фарфору.

У текстильній та швейній промисловості працюють майже 13000 фірм, з яких чимало малих та середніх. Британська вовняна текстильна індустрія є однією з найважливіших у світі. Британські фірми також належать до провідних світових виробників тканих килимів.

Стрімкий прогрес американської промисловості та сільського господарства зумовлений, зокрема, рисою, яку часто називають типово американською. Це постійна готовність до експериментів разом із бажанням знайти нові рішення старих проблем. Соціальна й географічна мобільність також грає свою роль. Коли на старих промислових підприємствах на Середньому Заході з'явилися проблеми, люди за власним бажанням почали переїжджати до тих регіонів, де вони могли знайти роботу. Каліфорнія й Техас сьогодні є провідними штатами в Америці з обсягів виробничої продукції. Більше половини з понад 120 мільйонів американців, які становлять робочу силу, є службовцями, причому у сфері обслуговування зайнято ще 20 мільйонів осіб.