***Text 1: What is economics?***

**2. Discuss the answers to the questions (orally)**

1. What is the basic purpose of studying economics?

Understanding how various economies work is the basic purpose of studying economics.

2. What are the factors of production?

The factors of production are land, labor, and capital (buildings and machinery).

3. What is an economic system?

Economic system is the organizational mechanism when factors of production are used to produce final goods and mechanism which satisfies our material wants.

4. What is the task of economic theory?

The task of economic theory is sometimes called descriptive or empirical economics.

5. What do the economists do at the level of empirical economics?

They formulate economic principles which are useful in setting policies designed to solve economic problems. They gather facts which are relevant to a particular problem or specific segment of the economy.

6. What methods do economists employ?

They employ both deductive and inductive methods.

7. Explain the interrelation between economics facts, theory and policy.

Principles and theories - the result of economic analysis - bring order and meaning to a number of facts by tying these facts together, putting them in correct relationship to one another, and generalizing upon them.

8. What does macroeconomics focus on?

Macroeconomics focuses on the behavior of an entire economy.

9. What is the concern of microeconomics?

Microeconomics is concerned with the details of the economy.

10. How many economic goals are described in the text? Name them.

Five economic goals described in the text. They are full employment, price stability, economic growth, an equitable distribution of income and the goal formulated through the political process.

**3. Find an appropriate heading for each paragraph of the text**

1. A. the main concern of economics;

2. D. the tasks of empirical economics and economic theory;

3. E. methods used by economists.

4. B. the branches of economics;

5. C. major economic goals.

**4. Match the Russian equivalents of the following words and word combination with the English**

|  |  |
| --- | --- |
| 1. applied economics | f. прикладная экономика |
| 2. productivity of labour | h. производительность труда |
| 3. to generalize upon fact | c. обобщать факты |
| 4. an equitable distribution of income | e. справедливое распределение дохода |
| 5. derivation of principles | g. выведение принципов |
| 6. to satisfy materials wants | a. удовлетворять материальные потребности |
| 7. to reconcile the conflict | d. разрешить конфликт |
| 8. extreme luxury | b. чрезвычайная роскошь |

**5. Find in the text English equivalent of the following Russian words**

|  |  |
| --- | --- |
| 1. высокий уровень жизни | well-being |
| 2. потребление товаров и услуг | consuming goods and services |
| 3. общественное признание | social recognition |
| 4. полная занятость | full employment |
| 5. редкие ресурсы | scare resources |
| 6. экономические цели | economic goals |
| 7. проверка гипотез с помощью фактов | testing hypotheses against facts |
| 8. контролировать нежелательные процессы | control undesirable events |

**6. Find the definition of the following terms**

|  |  |
| --- | --- |
| 1. factors of production | b. Resources used to produce goods and services such as land, labor, and capital. |
| 2. economics | d. A social science studying economy. |
| 3. microeconomics | f. The branch of economics that studies individual behavior in the economy, the components of the larger economy. |
| 4. macroeconomics | a. The branch of economics that studies aggregate economic behavior, the economy as a whole. |
| 5. induction | e. A process of reasoning using known facts to produce general rules or principles. |
| 6. deduction | g. A process of reasoning using general rules or principles to form a judgement about a particular fact or situation. |
| 7.hypothesis | c. An idea which is suggested as a possible way of explaining facts, providing an argument. |
| 8. descriptive or empirical economics | i. The task of gathering economic facts which are relevant to a particular problem of the economy and testing hypotheses against facts to validate theories. |
| 9. economic theory | h. General principle and knowledge as opposed to practical methods or skills. |
| 10. economy | j. A social mechanism that covers the management, use and control of various resources. |

**7. Choose the answer from the alternatives**

1. Economics may best be defined as:

a. the interaction between macro and micro considerations.

b. the study of the behavior of people and institution in the production, distribution, and consumption of scarce goods.

c. the empirical testing of value judgements through the use of induction and deduction.

2. Economic theories:

a. are useless because they are not based upon laboratory experimentation.

b. which are true for individual economic units are never true for the economy as a whole.

c. are generalizations based upon a careful observation of facts.

3. It may be said that the inductive method:

a. cannot be applied in economic analysis.

b. moves from facts to generalizations or theory.

c. begins with the hypotheses which are tested against real-world facts.

4. The deductive method:

a. begins with the hypotheses which are then tested against facts.

b. begins with facts and moves to generalizations or theory.

c. applies to the physical sciences, but not to social sciences.

5. Microeconomics is concern with:

a. detailed examination of specific economic units which comprise the economic system.

b. total levels of income, employment, and output.

c. an overall view of the operation of the economic system.

6. Macroeconomics approaches the study of economics in terms of;

a. the entire economy.

b. governmental units.

c. individual firms.

**8. Match the words which are very close in their meaning**

|  |  |
| --- | --- |
| 1. to affect | a. to influence |
| 2. entire | e. whole |
| 3. essential | b. necessary |
| 4. purpose | f. goal |
| 5. to gain | c. to achieve |
| 6. to examine | d. to study |
| 7. stark | j. absolute |
| 8. major | h. main |
| 9. specific | g. particular |
| 10. steadiness | i. stability |

**9. Match the words having the opposite meaning**

|  |  |
| --- | --- |
| 1. luxury | e. poverty |
| 2. high | j. low |
| 3. wrong | d. correct |
| 4. particular | f. general |
| 5. upswing | g. downswing |
| 6. input | c. output |
| 7. limited | b. plentiful |
| 8. spiritual | i. material |
| 9. equitable | a. unfair |
| 10. scarcity | h. abundance |

**10. Fill in the blanks using the words from the box**

Economics is a social science studying economy. Like the natural science and other social sciences, economics tries to develop 1) laws or 2) principles by building models. The predictions of the models form the basis of 3) economic theories. Then the predictions of the models are compared with the 4) facts of the real world.

Economics as a science consists of two disciplines that is of 5) microeconomics and 6) macroeconomics the study of economics focuses on the board question of 7) resource allocation. Macroeconomics is concerned with allocating the resources of an 8) entire economy to achieve 9) economic goals (e.g. full employment). Microeconomics focuses on behavior and goals of 10) individual producers or markets.

**11. Grammar revision. Numerals.**

**Write the following numbers in words**

1. 15 – fifteen

2. 50 – fifty

3. 100 – one hundred

4. 75000 – seventy-five thousand

5. 1700 – one thousand and seven hundred

6. 2 000 000 – two million

7. 1000 – one thousand

8. 30 – thirty

9. 750 000 – seven hundred and fifty thousand

10. 48 – forty-eight

**12. Word - building. Use the appropriate form of the word in the sentences below**

1. Backward farming methods made grain production h) uneconomic

2. To e) economize means to use money or fuel very carefully.

3. The study of the way goods and services are produced and sold the way money is managed is referred to as b) economics

4. Politically and g) economically the country is going through enormous changes.

5. c) Economic geography is one of the obligatory subjects at our University.

6. An expert in economics, especially one who advises government, department, business or organization is called an f) economist

7. It would be more d) economical to switch the machine off at night.

8. Do you know three of the fastest-growing a) economies in the Asia-Pacific region?