

UNIT I. BASICS OF ECONOMICS

Exercise 1. Learn the following words and word combinations.

production	- виробництво
distribution	- розподіл; поширення
exchange	- обмін, товарообмін
consumption	- споживання
unemployment	- безробіття
labour	- праця
want	- бажання
scarce resources	- дефіцитні, недостатні ресурси
government spending	- урядові витрати
address	- вивчати, вирішувати

Exercise 2. Read, translate and give the gist of text 1.

Text 1. What Economics Is All About

Studying economics for the first time, it is necessary to know what economics is all about. Unfortunately, it is not possible to define the subject by a single word. Economics was defined as the study of mankind in the everyday business life. This means that economics deals with production, distribution, exchange and consumption. It answers such questions as: How do we produce all the things we need? How are prices determined? Economics is also concerned with unemployment, inflation, international trade, the interaction of business and labour, and the effects of government spending and taxes.

Economics does not stop with the description of economic activity because description alone leaves unanswered many important *why* and *how* questions.

Economics is a social science like history, geography, politics, psychology and sociology. It is the study of human efforts to satisfy what seems like unlimited and competing wants through the careful use of relatively scarce resources. Resources include the time and talent people have available, the land, buildings, equipment, and other tools on hand, and the knowledge of how to combine them to create useful products and services. Because of unlimited wants and limited resources to satisfy those wants, economic decisions must be made. This problem of scarcity (limited resources) must be addressed, which leads to economics and economic problems.

Although the behaviour of individuals is important, economics also addresses the collective behaviour of businesses and industries, governments and countries, and the globe as a whole. Microeconomics starts by thinking about how individuals make decisions. Macroeconomics considers aggregate outcomes. The two points of view are essential in understanding most economic phenomena.

Exercise 3. Give English equivalents.

Людство, виробництво, розподіл, споживання, обмін, дефіцитні ресурси, необмежені потреби, визначати ціну, безробіття, податки, урядові витрати, міжнародна торгівля, продукти та послуги, поведінка, приймати рішення, загальний результат.

Exercise 4. Answer the questions on text 1.

1. What does economics deal with? 2. What questions does economics answer? 3. What kind of science is economics? 4. What does economics study? 5. What is the difference between microeconomics and macroeconomics?

Exercise 5. Match terms on the left with the definitions on the right.

- | | |
|-----------------|---|
| 1. economics | a. something in short supply; not enough to meet demand. |
| 2. production | b. activity of buying and using goods. |
| 3. distribution | c. the creation of services or the changing of material into products. |
| 4. exchange | d. the activity of selling goods and services in order to make a profit. |
| 5. consumption | e. the production, distribution and sale of goods and services for a profit. |
| 6. business | f. the movement of finished products from the manufacturing location to the marketplace. |
| 7. trade | g. the social science that describes and analyzes how society chooses from among scarce resources to satisfy its wants. |
| 8. scarce | h. the process of trading or bartering one unit or set of goods or services for another unit or set. |

Exercise 6. Complete the sentences according to text 1.

1. Economics was defined as... . 2. Economics deals with 3. Economics is also concerned with 4. It is the study of 5. Resources include 6. Economics also addresses 7. Microeconomics starts by 8. Macroeconomics considers

Exercise 7. Translate into English.

1. Економіку визначали як вивчення людства у повсякденному діловому житті. 2. Економіка не вичерпується описом економічної діяльності. 3. Економіка вивчає зусилля людини, спрямовані на задоволення своїх необмежених потреб за рахунок бережливого використання відносно недостатніх ресурсів. 4. Економіка також вивчає колективну поведінку підприємств та промисловості, урядів та країн, землі вцілому. 5. Мікро та макроекономіка важливі для розуміння більшості економічних явищ.

Exercise 8. Learn the following words and word combinations.

employment	робота, зайнятість
income	заробіток, дохід, прибуток
attain	досягати
well-being	благополуччя, добробут
concern	справа, інтерес, стурбованість
essential	суттєво необхідний, основний
comprise	містити, включати в себе
actually	дійсно, справді
outcome	результат, наслідок
welfare	добробут
performance	досягнення

Exercise 9. Read, translate and give the gist of text 2.

Text 2. Microeconomics and Macroeconomics

Understanding how various economies work is the basic purpose of studying economics. We seek to know how an economy is organized, how it behaves, and how successfully it achieves its basic objectives. Then if we are lucky, we try to discover better ways of attaining those same objectives.

Four major economic goals are generally accepted. These goals are:

- full employment

- price stability
- economic growth
- an equitable distribution of income.

In each case, the goal itself is formulated through the political process. The economist's job is to help design policies that will allocate the economy's resources in ways that best achieve these goals.

The study of economics is typically divided into two parts: macroeconomics and microeconomics. Macroeconomics focuses on the behavior of an entire economy - "the big picture". In macroeconomics we worry about such national goals as full employment, control of inflation, and economic growth, without worrying about the well-being or behavior of specific individuals or groups. The essential concern of **macroeconomics** is to understand and improve the performance of the economy as a whole.

Microeconomics is concerned with the details of this "big picture". In microeconomics we focus on the individuals, firms, and government agencies that actually comprise the larger economy.

The distinction between macro- and microeconomics is a matter of convenience. In reality, macroeconomic outcomes depend on micro behavior, and micro behavior is affected by macro outcomes. Hence one cannot fully understand how an economy works until one understands how all the participants behave and why they behave as they do.

Our interest in microeconomics is motivated by more than our need to understand how the larger economy works. The "parts" of the economic engine are people. To the extent that we care about the welfare of individuals in society, we have fundamental interest in microeconomics behavior and outcomes. In this regard, we examine the goal of individual consumers and business firms, seeking to explain how they can maximize their welfare in the economy. In microeconomics, for example, we spend more time looking at which goods are produced, who produces them, and who receives them. In macroeconomics we tend to focus only on how much is produced, or how many people are employed in the process. There are only some aspects of economics as a science.

Exercise 10. Translate the following words and word-combination into Ukrainian:

to achieve basic objectives, to discover better ways of attaining objectives, generally accepted economic goals, full employment, price

stability, economic growth, an equitable distribution of income, to be formulated through the political process, to allocate the economy's resources, to focus on the behavior of an entire economy, macroeconomic outcomes, to depend on micro behavior, to be motivated by more than our need, to understand how the larger economy works, to care about the welfare of individuals in society, to have fundamental interest in microeconomics behavior and outcomes, to examine the goal of individual consumers and business firms, to be employed in the process.

Exercise 11. Match the word from the left column and its meaning in the right.

- | | |
|----------------|--|
| 1. motivate | a. concentrate on something |
| 2. fundamental | b. act or react in the specific way |
| 3. equitable | c. the effect or result of an action or event |
| 4. welfare | d. essential, necessary |
| 5. focus | e. become or make something better |
| 6. attain | f. cause somebody to act in a particular way |
| 7. behave | g. achieve something especially with effort |
| 8. employment | h. the good health, happiness, comfort etc. of a person or group |
| 9. outcome | i. fair and just reasonable |
| 10. improve | j. work especially in return for regular pay |

Exercise 12. Match up the verbs on the left with an appropriate word or phrase on the right:

- | | |
|-------------------|--|
| 1. to spend | a. on the behavior of an entire economy |
| 2. to allocate | b. basic objectives |
| 3. to help | c. the economy's resources |
| 4. to focus | d. design policies |
| 5. to be affected | e. about the welfare of individuals |
| 6. to depend | f. the performance of the economy as a whole |
| 7. to care | g. on micro behavior |
| 8. to formulated | h. through the political process |
| 9. to improve | i. by macro outcomes |
| 10. to achieve | j. more time |

Exercise 13. Supply the statements with necessary details:

1. If we are lucky we try to _____ better ways of the (discover, objectives, attaining). 2. Four major economic _____ are generally _____ (accepted, goals). 3. The economist's job is to help _____ policies that will _____ economy's resources in ways that best _____ these _____ (achieve, goals, design, allocate). 4. _____ focuses on the _____ of an entire economy - "the big picture" (behavior, macroeconomics). 5. The _____ of macroeconomics is to understand and _____ the _____ of the economy _____ (improve, performance, as a whole, essential concern) 6. The _____ between macro- and microeconomics is a _____ (distinction, matter of convenience). 7. Macroeconomic outcomes _____ micro behavior, and micro behavior is _____ by macro _____ (outcomes, behavior, depend on, affected). 8. _____ one cannot fully understand how an _____ works until one understands how all the _____ behave and why they _____ as they do (participants, behave, hence, economy). 9. _____ we care about the _____ of individuals in _____, we have _____ in microeconomic behavior and outcomes (fundamental interest, welfare, to the extent that, society).

Exercise 14. Find in the text and translate all sentences with Passive Voice; define the tense-form of the verbs.

Exercise 15. Discuss the text "Microeconomics and Macroeconomics" with your partner using the following questions:

1. What is the basic purpose of studying economics? 2. What four major economic goals are generally accepted? 3. What is the role of economists in the political process? 4. What two parts is the study of economics typically divided into? 5. What does macroeconomics focus on? 6. What is the essential concern of macroeconomics? 7. What is microeconomics concerned with? 8. What is the distinction between macroeconomics and microeconomics? What is their dependence upon each other? 9. Under what conditions can one only understand how the economy works? 10. What is particular motivation in studying microeconomics? 11. Are microeconomic behavior and outcomes interesting to us? To what extent?

Exercise 16. Learn the following words and word combinations.

economics	- економічна наука, економіка
economic	- економічний, економічно-вигідний, рентабельний
economical	- економний, ощадливий, економічний
economist	- економіст
economize	- економити, економно використовувати або витратити
economy	- економіка господарства
command economy	- централізовано-керована економіка, неринкова економіка
free market economy	- вільна ринкова економіка
mixed economy	- змішана економіка
demand	- вимога, попит, потреба
demand for something	- попит на щось
be in high / low demand	- користуватись великим / невеликим попитом
consumption	- споживання
make a decision	- приймати рішення
entirely	- повністю, зовсім
at a certain level	- на певному рівні
allocate	- виділяти, розміщати, асигнувати
restriction	- обмеження
former	- колишній, попередній
(the) former	- перший
(the) latter	- останній
regulation	- регулювання
resource(s)	- ресурси, кошти

Exercise 17. Read, translate and give the gist of text 3.

Text 3. Types of Economy

Economics is a science that analyses what, how, and for whom society produces. The central economic problem is to reconcile the conflict between people's unlimited demands with society's ability to produce goods and services.

In industrial Western countries markets are to allocate resources. The market is the process by which production and consumption are coordinated through prices.

In a command economy, a central planning office makes decisions on what, how, and for whom to produce. Economy cannot rely entirely on command, but there was extensive planning in many Soviet block countries.

A free market economy has no government intervention. Resources are allocated entirely through markets.

Modern economies in the West are mixed and rely mainly on the market but with a large dose of government intervention. The optimal level of government intervention remains a problem which is of interest to economists.

The degree of government restrictions differs greatly between countries that have command economies and countries that have free market economies. In the former, resources are allocated by central government planning. In the latter, there is not any government regulation of the consumption, production, and exchange of goods. Between the two main types lies the mixed economy where market and government are both of importance.

Exercise 18. Translate the following into English: неринкова економіка, вільна ринкова економіка, змішана економіка, користуватись великим (невеликим) попитом, розподіляти ресурси, приймати рішення, на певному рівні, обмеження, державне втручання, державне регулювання, споживання, виробництво, обмін товарами, координуватись цінами, державне центральне планування, мати значення, покладатись на, ціна на товар, за високими (низькими) цінами.

Exercise 19. Translate the following sentences into Ukrainian. Put questions to any two of them.

1. The government plays an important role in allocating resources in the economy.
2. A government planning office decides what will be produced, how it will be produced, and for whom it will be produced.
3. Resource allocation decisions are being made in every city, mostly through the mechanisms of markets and prices.
4. Grain markets have greatly changed over the 25 years in the United States and Europe. Both have high levels of government intervention in their agriculture.
5. The problem with government regulation of markets is to control how government restriction work in real life.
6. Governments are to regulate

or plan production and consumption. The former is typical of mixed economics, the latter is typical of command economics. 7. In many countries there was a large dose of central regulation and planning. 8. All-round planning is not an easy task, and there is not any command economy that relies entirely on planning for all resources allocation decisions.

Exercise 20. Choose the appropriate word from the variants given in brackets.

1. (Economics / economy) studies how markets and prices allow society to solve problems of what how and for whom to produce.

2. (A command economy / free economy) is society where the government makes all decisions about production and consumption.

3. Every economist sees (the restriction / the importance) of the question of what, how, and for whom to produce.

4. Nations have different (consumption / levels) of farm production.

5. When (the price / the importance) of some goods grows, people will try to use less of them but producers will want to produce more of them.

6. After years of competition between command and market economies (the former / the latter) gave way in many countries of the world to (the former / the latter).

7. In (mixed / both) countries, Canada and the USA, structural changes in the agricultural sector of economy have become of interest to economists and general public in the 80s and 90s of the 20th century.

Exercise 21. Put the verbs in brackets into the correct form.

There (to be) various forms of government restrictions and regulations in economies. For example, Turkey and Norway both (to limit) profits of firms, the latter also (to control) prices and wages; in Bolivia the tin mines (to nationalize); in China communes (to establish); in Cuba the government (to own) many industries and firms; and in Britain eight basic industries (to nationalize).

A free market economy (to be) rare in the world.

The level of economy regulation (to be) different in different countries. In some countries it (to grow) in recent years, in others more freedom (to grant) to firms and individuals. But the general tendency (to

be) to keep government regulation at quite a high level.

Exercise 22. Complete the sentences below by inserting the words: *economy, economics, economist, economic, economize, economical.*

1. The national ... is the system of the management and use of resources of a country. 2. You can ... if you compare the prices of goods before buying them. 3. An early definition of ... was “an inquiry into the nature and causes of the wealth of nations”. 4. J.M. Keynes was a famous 5. Inflation may cause a bad ... state in a country. 6. If you’ve got a large family, it’s more ... to travel by car than by train.

Exercise 23. Translate into English.

1. Розвинуті країни досягають економічного успіху через спеціалізацію. 2. В економіках змішаного типу є урядові обмеження щодо того, що виробляти і як виробляти. 3. Кожний менеджер приймає рішення як розподілити обмежені ресурси найефективнішим способом. 4. За умов ринкової економіки регулювання виробництва і споживання здійснюється через ціни. 5. Економісти контролюють ціни і рівні споживання різних товарів і послуг. 6. Якщо ми асигнуємо досить коштів на розвиток господарства, ми одержимо високий рівень виробництва. 7. Рекомендації економістів можуть мати важливе значення для урядів, але вони не завжди на них покладаються. 8. Проблемою державного регулювання ринків є контроль за тим, як урядові обмеження працюють в реальному житті.

Exercise 24. Discuss the text “Types of Economy” with your partner using the following questions:

1. What is the central economic problem of a society? 2. What is the market? 3. What is the function of the market in an industrial country? 4. How are decisions made in a command economy? 5. In what way does a free market economy differ from a command economy? 6. To which type do most economies in the West belong? 7. To which type does the economy of present day Ukraine belong? 8. Is the level of government regulation growing or falling in Ukraine’s economy now?

Exercise 25. Learn the following words and word combinations.

equal	- рівнятися
favorable	- сприятливий
output	- продукція, випуск
iron ore extraction	- видобування залізної руди
cast iron	- чавун
mineral fertilizers	- мінеральні добрива
coal mining	- видобуток вугілля
concrete	- бетон
crossroads	- перехрестя
ramified network	- розгалужена мережа
attendant branches	- обслуговуючі галузі
ferrous metallurgy	- чорна металургія
mineral deposits	- мінеральні поклади
dyes	- барвники
canned	- консервований
highway	- шосе
design	- розроблювати
encourage	- підтримувати
be targeted	- бути націленим на

Exercise 26. Read, translate and give the gist of text 4.

Text 4. National Economy of Ukraine

Ukraine is a state and it is one of the largest countries in Europe. It has its own territory, constitution, higher and local bodies of state power and government. The territory of Ukraine is 603.700 sq. km. Its population equals 48 million people. There are 24 administrative regions and the Autonomous Republic of Crimea in Ukraine. The geographical position of Ukraine is very favorable to the development of relations with the countries of Europe, as well as with countries throughout the world. It borders on the Russian Federation, Belarus, Moldova, Poland, Slovak Republic, Hungary and Romania.

To have an idea of Ukraine's economic potential, its resources, and define the scale of reforms which must be carried out let us get acquainted with some objective data. Ukraine produces almost 5 per cent of the world output. Ukraine is the first in Europe in iron ore extraction, production of steel, cast iron, tractors, mineral fertilizers, sugar and grain; the second in coal mining and the third in producing concrete, electric energy and various equipment.

Historically the following two factors determined the development of Ukrainian lands: firstly, the presence of fertile chernozem soils and secondly remarkably convenient geographical location on the crossroads of international trade routes.

Present-day independent Ukraine has a considerable potential to quickly develop its economy - and this is explained not only by favorable natural conditions, but also by the convenient geographical position in terms of international trade exchanges.

Ukrainian industries constitute a ramified network with modern attendant branches. Heavy industries, especially ferrous metallurgy, coal and machine building are predominant in the national industrial complex. Defense industry also occupies an important place. At present, it is being restructured and converted with the emphasis on the output of consumer goods.

Together with the fact, that Ukraine's climate is mainly moderately continental it allows for considerable progress in agricultural production after the village reoriented towards the market economy.

Ukraine can be divided into three economic areas: Southwestern, Donets-Dnieper and Southern. The Southwestern Economic Area has supplies of metals and fuel, largest reserves of mineral and wood. The top position is held by the sugar industry. Sweets of the Lviv factory "Svitoch" have won great popularity. The Donets-Dnieper Economic Area has rich mineral deposits. It has major industrial base for heavy industry - the Donets Basin contains plants producing zinc, plastics, soda and dyes. The area has the greatest concentration of power stations in Ukraine.

The Southern Economic Area is close to the sea. Its key sector is shipbuilding. Local factories produce machinery for the power industry, tractors and harvesters. Southern Ukraine is a large producer of grape wines, canned fruits and vegetables. Crimea has rich recreational resources.

Ukraine has a well-developed transportation system. Ukraine's highways include about 147.000 km of paved roads. Kyiv and Kharkiv have subway systems. A large railroad network connects major cities and industrial centers.

Ukraine's chief airports are at Borispol, Kharkiv and Odessa. Major ports include Illichevsk, Kerch, Kherson, Mariupol, Mykolayiv, Odessa, Sevastopol and Yalta.

Ukrainian Economy promises to become more and more attractive for foreign capital. Foreign partners are now able to evaluate correctly the market in Ukraine and work out investment strategies which would make the realization of large-scale, mutually beneficial programs possible. The Ukrainian government has designed a programme to promote foreign investments. It could facilitate industrial restructuring, increase domestic consumption level, promote export and import and encourage a new product development. This programme is targeted on fuel, machine building, electric energy, metallurgy of ferrous and nonferrous metals, chemical industry, food and food processing, paper manufacturing, agro industrial complexes, civil building and other branches of industry.

Exercise 27. Translate into Ukrainian the following word-combinations. Make up your own sentences with some of them.

To be very favorable, to border on, to have an idea of, to define the scale of reforms, to be acquainted with, to have a considerable potential, to be explained by the convenient geographical position, to constitute a ramified network with modern attendant branches, to occupy an important place, to allow for considerable progress in agricultural production, to have rich mineral deposits, to have the greatest concentration of power stations, to be more and more attractive for foreign capital, to design a programme to promote foreign investments, to facilitate industrial restructuring, to increase domestic consumption level, to encourage a new product development.

Exercise 28. Select the correct words from the list below to complete the sentences: **connects, recreational, chief, determined, leading, key to be solved, located, famous for, produce.**

1. Ukraine's _____ exports are wheat, sugar beets, coal, construction equipment. 2. The _____ sector of this economic area is shipbuilding. 3. Ukraine's heavy industries _____ iron and steel, machine tools, and mining equipment. 4. Ukraine is _____ its agricultural production. 5. The country also has hydroelectric plants _____ mainly on the Dnieper River. 6. Ukraine is a _____ producer of manganese, which is used in making steel. 7. Crimea has rich _____ resources. 8. These problems are _____ in the course of new economic reforms. 9. A railroad network _____ major cities and

industrial centers. 10. Two factors _____the development of Ukrainian lands.

Exercise 29. Give the names to the following definitions:

a main road, usually connecting large towns, any public road; fully independent and with complete freedom to govern in itself nation or state; to make or manufacture something, especially in large quantities; the amount of something that a person, a machine or an organization produced; the small hard seeds of food plants such as wheat, rice etc.; the investing of money; having a helpful or useful effect; suiting somebody's needs or plans, giving no trouble or difficulty, suitable; a place where two roads meet and cross; to help something to develop or increase, to stimulate something.

Exercise 30. Match up the verbs with an appropriate preposition:

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|---------------------|---------|
| 1. to be divided | a) with |
| 2. to border | b) to |
| 3. to occupy | c) by |
| 4. to be acquainted | d) on |
| 5. to be converted | e)of |
| 6. to be targeted | f) into |
| 7. to be favorable | g) for |
| 8. to have an idea | h) out |
| 9. to be explained | |
| 10. to allow | |
| 11. to be crossed | |

Exercise 31. Write a plan of the text in the form of statements. Get ready to retell the text according to the plan.

Exercise 32. Learn the following words and word combinations.

- | | |
|----------------|---------------------------|
| requirement | - вимога |
| acceptance | - схвалення, прихильність |
| accomplishment | - досягнення, успіх |
| means | - засіб |
| survival | - виживання |
| willingness | - готовність |

Exercise 33. Read, translate and give the gist of text 5.

Text 5. Needs, Wants and Demand

Economics like any other social science has its own vocabulary. To understand economics, a review of some key terms is necessary: needs, wants, and demand.

A need is a basic requirement for survival. People have basic needs such as food, clothing and shelter. People also have higher level needs, such as communication, love, acceptance, knowledge, hope and accomplishment.

A want is a means of expressing a need. Food, for example, is a basic need related to survival. To satisfy this need, a person may want a pizza, hamburger or other favourite food. That is there is any number of foods that will satisfy the basic need for food.

The point is that the range of things represented by the term “want” is much broader than those represented by the term “need”.

Sometimes the difference between a want and a need is clear, at other times, it is not.

A basic need is reflected in a want for a particular product. A want cannot be counted in the marketplace until it becomes a demand — the willingness and ability to purchase a desired object.

Exercise 34 . Give English equivalents:

суспільна наука, основні терміни, бажання, попит, вимога, основні потреби, спілкування, прихильність, надія, досягнення, бажана річ, задовольняти потреби.

Exercise 35. Complete the sentences according to text 5.

1. A need is 2. People have basic needs such as 3. A want is 4. A basic need is reflected in 5. A demand is... .

Exercise 36. Match the terms on the left with the definitions on the right.

Term	Definition
1. want	a) the state or fact of continuing to live or exist, typically in spite of an accident, ordeal, or difficult circumstances.
2. need	b) acquire (something) by paying for it; buy
3. demand	
4. survival	

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|---------------|--|
| 5. acceptance | c) a desire for something. |
| 6. satisfy | d) approval or favorable regard. |
| 7. purchase | e) circumstances in which something is necessary; necessity. |
| | f) fulfill (a desire or need). |
| | g) the desire of consumers, clients, employers, etc. for a particular commodity, service, or other item. |

Exercise 37. Translate the phrases into Ukrainian paying attention to different meanings of the words **want**, **need** and **demand**.

Physical need; satisfy a need; basic human need for food; to live in need; for need of; to need badly; you needn't shout; for / from want of something; to be in (no) want of something; to supply (anticipate, consult, provide for) one's wants; to come to want; to want something badly / desperately / very much; her hair wants cutting; my wants are few; to be wanted by the police; demand for higher pay; to demand higher pay; to make demands; on demand; the law of supply and demand; to meet / satisfy consumers' demand; to be in demand.

Exercise 38. Translate into English.

1. Потреба - це основна вимога для виживання. 2. Люди мають основні потреби, такі як їжа, одяг та житло. 3. Спілкування, кохання, прихильність, пізнання, надія та досягнення - це людські потреби вищого гатунку. 4. Бажання - це засіб вираження потреби. 5. Попит - це готовність та здатність купити бажану річ.

Exercise 39. Learn the following words and word combinations.

factor of production	- фактор виробництва
human resources	- людські ресурси; кадри; робоча сила; робітники
entrepreneurship	- підприємництво
physical labour	- фізична праця
mental labour	- розумова праця
input	- виробничий фактор
efficiency	- ефективність, продуктивність

Exercise 40. Read, translate and give the gist of text 6.

Text 6. Economic Resources

Economic resources, often called factors of production, are divided into four general categories. They are land, labour (sometimes referred to as human resources), capital, and entrepreneurship.

Land. Land describes the ground that might be used to build a structure such as a factory, school, home, or church, but it means much more than that. Land is also the term used for the resources that come from the land.

Trees are produced by the land and are used for lumber, firewood, paper, and numerous other products, so they are referred to as land. Minerals that come from the ground, such as oil that is used to make gasoline or to lubricate automobile engines, or gold that is used to make jewellery, or wheat that is grown on the land and is used in the production of bread and other products, or sheep that are raised for the wool they produce that is used to make sweaters are all described as land.

Labour (Human Resources). Labour is the general category of the human effort that is used for the production of goods and services. This includes physical labour, such as harvesting trees for lumber, drilling for oil or mining for gold, growing wheat for bread, or raising the sheep that produce wool for a sweater. In addition to physical labour, there is mental labour, which is necessary for such activities as planning the best ways to harvest trees and making decisions about which trees to harvest. Labour is also involved when a doctor or surgeon analyzes and diagnoses (mental labour) before performing a medical procedure, then performs the procedure (physical labour).

Capital. Capital is input that is often viewed in two ways, much as is labour. Capital might be viewed as human capital—the knowledge, skills, and attitudes that humans possess that allow them to produce. The other type of capital is physical capital, which includes buildings, machinery, tools, and other items that are used to produce goods and service. Traditionally, physical capital has been a prerequisite for human capital; however, because of rapid changes in technology, today human capital is less dependent on physical capital.

Entrepreneurship. One special form of human capital that is important in an economic setting is entrepreneurship (often thought of as the fourth factor of production).

Entrepreneurial abilities are needed to improve what we have and

to create new goods and services. An entrepreneur is one who brings together all the resources of land, labour, and capital that are needed to produce a better product or service. In the process of doing this, the entrepreneur is willing to assume the risk of success and failure.

Many people associate entrepreneurship with creating or owning a new business. That is one definition of entrepreneurship but not the only one. An entrepreneur might create a new market for something that already exists or push the use of a natural resource to new limits in order to maximize efficiency and minimize consumption.

Exercise 41. Give English equivalents.

Економічні ресурси, фактори виробництва, земля, праця, людські ресурси, капітал, підприємництво, пиломатеріали, дрова, корисні копалини, нафта, бензин, ювелірні вироби, пшениця, вовна, зусилля, виробництво товарів та послуг, фізична праця, розумова праця, приймати рішення, хірург, людський капітал, знання, навички, погляди, фізичний капітал, устаткування, інструмент, швидкі зміни технологій, підприємницькі здібності, оцінювати ризик успіху та невдачі, максимально підвищувати продуктивність, зводити до мінімуму споживання.

Exercise 42. Answer the questions on text 6.

1. What are the factors of production? 2. What does land describe? 3. What is labour? 4. What are the two types of labour? 5. What is capital? 5. What are the two types of capital? 6. What is entrepreneurship? 7. Who is an entrepreneur?

Exercise 43. Complete the sentences according to text 6.

1. Economic resources, often called ... , are divided into four general categories. 2. Land describes 3. ... are all described as land. 4. Labour is the general category of the human effort that 5. . In addition to physical labour, there is 6. Capital might be viewed as 7. Because of rapid changes in technology 8. Entrepreneurial abilities are needed to 9. An entrepreneur is one who 10. An entrepreneur might create ... or

Exercise 44. Complete the text with the words from the box.

entrepreneurship	work	goods	profit
------------------	------	-------	--------

natural resources	inputs	risks	machinery
idea	capital	production	land

Factors of _____ is an economic term to describe the _____ that are used in the production of _____ or services in the attempt to make an economic profit. The factors of production include _____, labour, capital and _____.

In essence, land, labour, capital and entrepreneurship encompass all of the inputs needed to produce a good or service. Land represents all _____, such as timber and gold, used in the production of a good. Labour is all of the _____ that labourers and workers perform at all levels of an organization, except for the entrepreneur. The entrepreneur is the individual who takes an _____ and attempts to make an economic _____ from it by combining all other factors of production. The entrepreneur also takes on all of the _____ and rewards of the business. The _____ is all of the tools and _____ used to produce a good or service.

Exercise 45. Translate into English.

1. Економічні ресурси, які часто називають факторами виробництва, поділяються на 4 категорії. 2. Термін “земля” описує землю для будівництва, а також ресурси, які добувають із землі. 3. Праця - це загальна категорія людських зусиль, які використовуються для виробництва товарів та послуг. 4. Існує фізична і розумова праця. 5. Людський капітал - це знання, навички та погляди людей, які дають їм змогу виробляти. 6. Фізичний капітал включає будівлі, устаткування, інструменти та інші предмети, які використовуються для виробництва товарів та послуг. 7. Через швидкі зміни технологій людський капітал зараз менше залежить від фізичного капіталу. 8. Підприємницькі здібності необхідні для покращення того, що ми вже маємо, і для створення нових товарів та послуг. 9. Підприємець має бути готовим оцінювати ризик успіху та невдачі.

Exercise 46. Learn the following words and word combinations.

tangible - відчутний на дотик, матеріальний
 nutrient - поживна речовина
 deplete - виснажувати, вичерпувати

enhance	- поліпшувати, посилювати
intangible	- невідчутний на дотик, нематеріальний
utilize	- використовувати

Exercise 47. Read, translate and give the gist of text 7.

Text 7. Goods and Services

It takes land, labour, and capital that are used by an entrepreneur to produce goods and services that will ultimately be used to satisfy our wants. Goods are tangible, meaning they are something that can be seen or touched. The production of goods requires using limited resources to produce in order to satisfy wants. An example might be a farmer who grows grain. The farmer uses farm equipment manufactured from resources; ground is a natural resource that is used to grow the grain; and because the growth of grain depletes the nutrients in the soil, the farmer must use fertilizers to restore the nutrients. Limited resources are used to produce natural or chemical fertilizers, but they are necessary for crop production. Water might be used to irrigate the crop and enhance production. When the crop is ready for harvest, the farmer uses additional resources to complete the process - equipment, gasoline, labour, and so on - which results in a good that can be used or sold for use by others.

Services are provided in numerous ways and are an intangible activity. There is no doubt that one can often see someone providing a service, but the service is not something that someone can pick up and take home to use. An example of a service is a ride in a taxi through a crowded city. It takes resources for the owner or driver to provide the service, and a passenger is consciously aware of riding in a taxi. When the ride is completed and the provider has been paid, the passenger does not have anything tangible to hold except the receipt. However, resources have been used to provide the service. The automobile used as the cab, the fuel used to operate the cab, and the labour of the driver are all examples of resources being used to provide a service that will satisfy a want.

It is important to understand that because goods and services utilize resources that are limited, goods and services are also scarce. Scarcity results when the demand for a good or service is greater than its supply. Remember that society has unlimited wants but scarce resources. It is scarcity, then, that causes consumers to have to make choices. If individuals cannot have everything they want, they must decide which of

the goods and services are most important and which they can do without.

Exercise 48. Give English equivalents.

Задовольняти бажання, матеріальний, нематеріальний, виробництво товарів, обладнання, вичерпувати поживні речовини, добрива, відновлювати, зрешувати, покращувати, надавати послугу, квитанція, пальне, використовувати.

Exercise 49. Answer the questions on text 7.

1. What does an entrepreneur use to produce goods and services?
2. What does the word “tangible” mean?
3. What does the production of goods require?
4. Why are services intangible?
5. Why are goods and services scarce?
6. What causes consumers to make choices?

Exercise 50. Match terms on the left with the definitions on the right.

Term	Definition
1. goods	a) perceptible by touch
2. services	b) make available for use
3. tangible	c) the desire of consumers, clients, employers, etc. for a particular commodity, service, or other item
4. intangible	d) things that are made to be sold
5. supply	e) unable to be touched or grasped; not having physical presence
6. demand	f) the amount of a good or service offered for sale
7. provide	g) the action of helping or doing work for someone

Exercise 51. Put questions to the underlined words and phrases.

1. The production of goods requires using limited resources to produce in order to satisfy wants. 2. Water might be used to irrigate the crop and enhance production. 3. Resources have been used to provide the service. 4. Goods and services utilize resources that are limited. 5. Scarcity results when the demand for a good or service is greater than its supply. 6. If individuals cannot have everything they want, they must decide which of the goods and services are most important and which

they can do without.

Exercise 52. Translate into English.

1. Підприємець використовує землю, працю та капітал для виробництва товарів та послуг. 2. Товари нематеріальні, що означає, що їх неможливо побачити чи відчутти на дотик. 3. Обмежені ресурси використовуються для виробництва природних і хімічних добрив, але вони необхідні для вирощування сільськогосподарських культур. 4. Послуги надаються багатьма шляхами і вони є нематеріальною діяльністю. 5. Дефіцит виникає, коли попит на товар або послугу вище, ніж його пропозиція. 6. Дефіцит змушує споживачів приймати рішення.

Exercise 53. Learn the following words and word combinations.

supply	пропозиція
opportunity cost	альтернативна вартість
equilibrium	рівновага, баланс

Exercise 54 . Read, translate and give the gist of text 8.

Text 8. Demand and Supply

One of the most basic concepts of economics is *supply and demand*. These are really two separate things, but they are almost always talked about together. *Supply* is how much of something, such as a product or service, is available. *Demand* is the amount of the product or service that buyers want to purchase. The relationship between supply and demand has a good deal of influence on the *price* of goods and services.

Understanding the law of demand is an important to understand the relationship between supply and demand. According to the law of demand, price has a significant effect on demand. Essentially, higher prices translate into less demand for a product or service. When the price of an item or service is high, an individual must think that buying the item may prevent him from being able to afford the purchase of another, more valuable item. As such, the opportunity cost of that item is too high and demand for it may be low.

The law of supply is also vital to understanding the relationship between supply and demand. According to the law of supply, higher quantities of a product or service are supplied at a higher price. Those

who produce goods and offer services are willing to supply more at higher prices because selling their wares at higher prices provides increased revenues.

The market price of a good is determined by both the supply and demand for it. In 1890, English economist Alfred Marshall published his work, *Principles of Economics*, which was one of the earlier writings on how both supply and demand interacted to determine price. Today, the supply-demand model is one of the fundamental concepts of economics. The price level of a good essentially is determined by the point at which quantity supplied equals quantity demanded. If this relationship between supply and demand is attained, the economy is balanced in a state of equilibrium.

The equilibrium point must be the point at which quantity supplied and quantity demanded are in balance, which is where the supply and demand curves cross.

Exercise 55. Answer the questions.

1. What is demand and supply? 2. What are the definitions of the law of demand and the law of supply? 3. How is the price level of a good determined? 4. What is the equilibrium point?

Exercise 56. Give Ukrainian equivalents.

Basis concept, to be available, to have a significant effect, to afford the purchase of more valuable item, to prevent someone from being able to afford the purchase, opportunity cost, to provide increased revenues, to determine price, to be balanced in a state of equilibrium, supply and demand curves.

Exercise 57. Put questions to the underlined words.

1. The market price of a good is determined by both the supply and demand for it. 2. The equilibrium point must be the point at which quantity supplied and quantity demanded are in balance. 3. There are some factors influencing demand for goods, such as the prices of other goods, consumer incomes etc. 4. Governments intervene in economies controlling the supply of money, limiting monopolies and helping private industries. 5. Income is money of all kinds coming in regularly to a person, family or organization. 6. Active money is money going from man to man and used by the people in buying and selling goods and services.

Exercise 58. Decide whether the sentences are true or false.

1. Government regulates demand and supply, imposing ceiling prices (maximum prices) and floor prices (minimum prices). 2. An improvement in technology will decrease the supply of goods. 3. The relationship between supply and demand has a good deal of influence on the price of goods and services. 4. As consumer income is increased, demand for goods and services will decrease. 5. The market is in equilibrium when the price regulates the quantity supplied by producers and the quantity demanded by consumers.

Exercise 59. Learn the following words and word combinations.

put another way	- іншими словами
stocks	- акції
risk-free	- надійний
government bond	- урядове боргове зобов'язання, облігація
yield	- приносити прибуток
get degree	- отримати диплом

Exercise 60. Read, translate and give the gist of text 9.

Text 9. Opportunity Cost

Opportunity cost is the cost of an alternative that must be forgone in order to pursue a certain action. Put another way, the benefits you could have received by taking an alternative action. Say you invest in a stock and it returns 2% over the year. In placing your money in the stock, you gave up the opportunity of another investment - say, a risk-free government bond yielding 6%. In this situation, your opportunity costs are 4% (6% - 2%).

The opportunity cost of going to university is the money you would have earned if you worked instead. On the one hand, you lose four years of salary while getting your degree; on the other hand, you hope to earn more during your career, thanks to your education, to offset the lost wages.

Opportunity cost cannot always be measured, because it might be satisfaction that is lost. At other times, however, opportunity cost can be measured. Here are examples of each. Perhaps a student is studying hard for a final examination in a difficult course because a good exam score is critical to achieve the desired grade. Friends call to

invite the student out for the evening. The alternatives are to study or to have fun. Being wise, the student selects studying instead of going out. It is difficult to measure the opportunity cost of having fun with friends.

In the second example, the same studying student is asked to help someone clean a garage. If the person offers to pay the student \$50 to clean the garage and the student chooses to study, the opportunity cost is easily measured at \$50. In both these examples, opportunity cost is directly related to what was given up, not any other benefits that might result from the decision.

Circumstances also play a role in opportunity cost. Sometimes people are forced into a decision because of circumstances and the results may not always be optimal. For example, if someone is planning to relocate to a new city to start a new job and wants to sell a house before the move in order to be able to purchase a new house in the new location, the person may sell the house for less than the market price in order to complete the process. The opportunity cost is the value of what was given up in order to be able to purchase a new home. Every time a choice is made, opportunity costs are assumed.

Exercise 61. Answer the questions.

1. What is opportunity cost? 2. Is it always possible to measure opportunity cost? 3. What also plays a role in opportunity cost?

Exercise 62. Give Ukrainian equivalents:

to be forgone, to pursue a certain action, risk-free government bond, to earn money, investment, on the one hand, on the other hand, to offset, critical, to achieve the desired grade, to give up.

Exercise 63. Give English equivalents:

вкладати гроші у цінні папери, приносити прибуток, заробітна плата, гарний результат екзаменів, весело проводити час, обставини, переїхати до нового міста, продати будинок нижче ринкової ціни.

Exercise 64. Match words with their definitions:

1. opportunity cost a) the purchase of a financial product or other item of value with an expectation of gaining profitable

- returns in the form of interest or income.
2. stock b) a form of payment from an employer to an employee, where each job, hour or other unit is paid separately, rather than on a periodic basis.
 3. investment c) a form of periodic payment from an employer to an employee, which may be specified in an employment contract.
 4. salary d) the cost related to the next-best choice available to someone who has picked between several mutually exclusive choices.
 5. wage e) the original capital paid into or invested in the business by its founders.

Exercise 65. Form degrees of comparison of the following adjectives:

big, heavy, outstanding, practical, useful, bad, late, early, cheap, good, expensive, fresh, rich, little, much, short, easy, comfortable, low, high, lazy, powerful, tall, large.

Exercise 66. Learn the following words and word combinations.

tradeoff	- співвідношення вигоди (користі, зиску) та втрат
beneficial	- корисний, прибутковий
stagnation	- застій, відсутність розвитку, стагнація
pursuit	- прагнення, пошук

Exercise 67. Read, translate and give the gist of text 10.

Text 10. Tradeoffs

The five economic goals of full employment, stability, economic growth, efficiency, and equity are widely considered to be beneficial and worth pursuing. Each goal, achieved by itself, improves the overall well-being of society. Greater employment is typically better than less. Stable prices are better than inflation. Economic growth is better than stagnation. Efficiency is better than inefficiency. An equitable distribution is better than inequality.

However, the pursuit of one goal often restricts attainment of others. For example, policies that promote efficiency might create unemployment or policies that improve equity might limit economic growth.

Tradeoff is a situation in which the pursuit of one goal limits achieving another goal.

Consider the example of a tradeoff concerning full employment and stability: The Central Bank seeks to promote lower rates of unemployment through expansionary monetary policy. The economy expands, unemployment falls, and full employment is achieved, but inflation emerges from the over stimulated economy.

Exercise 68. Put key questions to the text.

Exercise 69. Provide the definitions to the terms: un/employment, efficiency, equity, inflation, stagnation, distribution, rate, monetary policy.

Exercise 70. Translate sentences with “to be worth + Gerund” structure. Provide your own examples.

1. The five economic goals are worth pursuing. 2. The book is worth reading. 3. The film is worth seeing. 4. The task is worth doing. 5. The meeting is worth participating. 6. The topic is worth discussing.

Exercise 71. Complete the sentences according to the text.

1. The five economic goals are ... 2. Each goal improved ... 3. However, the pursuit of one goal restricts ... 4. Tradeoff is ... 5. The example of a tradeoff is ...

Exercise 72. Learn the following words and word combinations.

efficiency	- ефективність, продуктивність
equity	- справедливість, об'єктивність
to be relevant to	- той, що має відношення до справи, важливий
scarcity problem	- проблема нестачі
pervasive	- той, що розповсюджується
demand price	- ціна, яку покупці готові сплатити
supply price	- ціна пропозиції, постачання
pinpoint	- точно визначити
contend	- протистояти
realm	- галузь, область
normative economics	- нормативна економічна теорія (напрямок)

equality

економічної науки, який трактує проблеми економічних цілей та економічної політики)
- рівність

Exercise 73. Read, translate and give the gist of text 11.

Text 11. Microeconomic Goals

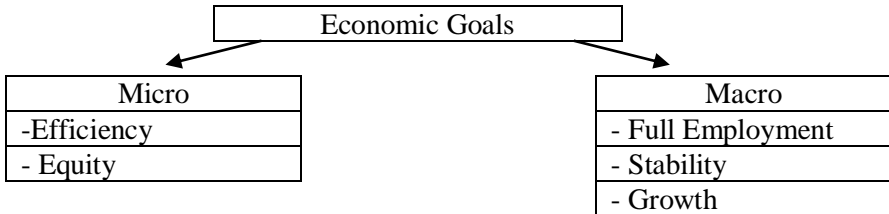


Figure 1. Economic Goals.

Efficiency and equity are the two microeconomic goals most relevant to markets, industries, and parts of the economy, and are thus important to the study of microeconomics.

Efficiency. Efficiency is achieved when society is able to get the greatest amount of satisfaction from available resources. With efficiency, society cannot change the way resources are used in any way that would increase the total amount of satisfaction obtained by society. The pervasive scarcity problem is best addressed when limited resources are used to satisfy as many wants and needs as possible.

While efficiency is indicated by equality between demand price and supply price for a given market, there are no clear-cut comprehensive indicators for attaining this efficiency goal. While it is possible, in theory, to pinpoint what is needed for efficiency, the complexity of the economy makes the task difficult to accomplish in practice.

Equity. Equity is achieved when income and wealth are fairly distributed within a society. Almost everyone wants a fair distribution. However, what constitutes a fair and equitable distribution is debatable. Some might contend that equity is achieved when everyone has the same income and wealth. Others contend that equity results when people receive income and wealth based on the value of their production. Still others argue

that equity is achieved when each has only the income and wealth that they need.

Equity means income and wealth are distributed according to a standard of fairness. But what is the fairness standard? It could be equality. Or it could be the productive value of resources. Or it could be need. Standards for equity moves into the realm of normative economics.

Exercise 74 . Make sure you can translate:

to achieve efficiency, the greatest amount of satisfaction, equality, complexity of the economy, to accomplish in practice, a fair distribution, productive value of resources.

Exercise 75. Answer the question.

1. What are the two microeconomic goals? 2. What are they relevant to? 3. What is efficiency? 4. How is efficiency achieved? 5. How is efficiency indicated? 6. Why is efficiency difficult to be accomplished in practice? 7. What is equity? 8. How is equity achieved? 9. What constitutes a fair distribution? Why is it debatable? 10. What is a standard of fairness?

Exercise 76. Match the terms and their definitions:

- | | |
|-----------------|---|
| 1. distribution | a) organized economic activity concerned with manufacture, extraction and processing of raw materials, or construction. |
| 2. industry | b) the quality of being reasonable, fair . |
| 3. efficiency | c) the division of the total income of a community among its members. |
| 4. equity | d) the fulfillment of a desire. |
| 5. satisfaction | e) the ratio of the useful work done to the energy supplied to it. |

Exercise 78. Find sentences with the Passive Voice in text 11.

Exercise 79 . Translate into English

1. Ефективність досягається тоді, коли суспільство спроможне отримати максимальне задоволення з наявних ресурсів.
2. Ефективність визначається рівністю між ціною, яку покупці готові сплатити, та ціною пропозиції.
3. Рівність досягається тоді,

коли доходи та добробут справедливо розподілені в суспільстві у відповідності до стандартів справедливості.

Exercise 80. Mind the spelling of the words. Insert the omitted letters. a . . iev. , scar . . ty, stan . ar. , eq . . ty, effi . iency, e . . ality, soc .. ty, comple . . ty, w . . lth, v . . ue.

Exercise 81. Learn the following words and word combinations.

aggregate	- сукупний, загальний
lessen	- зменшувати
recession	- зниження, спад (виробництва, попиту тощо)
at hand	- наявний
disruption	- розпад, порушення, перерва у виробництві
pursue something	- гнатися (за чимось); переслідувати
fluctuation	- коливання

Exercise 82. Read, translate and give the gist of text 12.

Text 12. Macroeconomic Goals

Full employment, stability, and economic growth are the three macroeconomic goals most relevant to the aggregate economy and consequently are of prime importance to the study of macroeconomics.

Full Employment. Full employment is achieved when all available resources (labor, capital, land, and entrepreneurship) are used to produce goods and services. This goal is commonly indicated by the employment of labor resources (measured by the unemployment rate). However, all resources in the economy - labor, capital, land, and entrepreneurship - are important to this goal. The economy benefits from full employment because resources produce the goods that satisfy the wants and needs that lessen the scarcity problem. If the resources are not employed, then they are not producing and satisfaction is not achieved.

Stability. Stability is achieved by avoiding or limiting fluctuations in production, employment, and prices. Stability seeks to avoid the recessionary declines and inflationary expansions of business cycles. This goal is indicated by month-to-month and year-to-year changes in various economic measures, such as the inflation rate, the unemployment rate, and the growth rate of production. If these remain unchanged, then stability is at hand. Maintaining stability is beneficial because it means uncertainty and disruptions in the economy are avoided.

It means consumers and businesses can safely pursue long-term consumption and production plans. Policy makers are usually most concerned with price stability and the inflation rate.

Economic Growth. Economic growth is achieved by increasing the economy's ability to produce goods and services. This goal is best indicated by measuring the growth rate of production. If the economy produces more goods this year than last, then it is growing. Economic growth is also indicated by increases in the quantities of the resources--labor, capital, land, and entrepreneurship--used to produce goods. With economic growth, society gets more goods that can be used to satisfy more wants and needs--people are better off; living standards rise; and scarcity is less of a problem.

Exercise 83 . Answer the questions.

1. What are the three macroeconomic goals? 2. Why are they relevant to the study of macroeconomics? 3. When is full employment achieved? 4. How does economy benefit from full employment? 5. How is stability achieved? 6. What economic measures are used to indicate stability? 7. Why is maintaining stability beneficial? 8. How is economic growth achieved? 9. How is this goal indicated?

Exercise 84. Make sure you can translate:

prime importance, consequently, available resources, entrepreneurship, goods and services, the employment of labour resources, unemployment rate, to lessen the scarcity problem, to achieve satisfaction, to limit fluctuations, recessionary declines, inflationary expansions, long-term consumption, to measure the growth, rate of production, living standards.

Exercise 85. Put special questions to the sentences.

Policy makers are most concerned with price stability and the inflation rate.

Exercise 86. Analyze the -ing form.

1. Famous for its Windows operating system, Microsoft is the world's №1 software company. 2. Stop trying to make the company expand. 3. A three-day weekend will reduce the factory's heating costs. 4. Stability is achieved by avoiding or limiting fluctuations in production, employment, and prices. 5. Maintaining stability is beneficial because it

means uncertainty and disruptions in the economy are avoided. 6. Economic growth is achieved by increasing the economy's ability to produce goods and services. 7. With economic growth, society gets more goods that can be used to satisfy more wants and needs-people are better off; living standards rise; and scarcity is less of a problem.

Exercise 87. Learn the words and phrases from the text.

gross domestic product

валовий внутрішній продукт

trough

найнижча точка; дно

recovery

відновлення; підйом

output

продукція; випуск

Exercise 88. Read, translate and give the gist of text 13.

Text 13. Business cycles

Business cycles are more-or-less-regular fluctuations in the level of economic activity. These are the up and down phases that accompany the increases or decreases in gross domestic product. Each business cycle goes through four phases: peak, recession, trough, and recovery. These are positions on the cycle and indicate the level of income, output, and employment. Figure 2 is a business cycle with the phases identified. The peak is the highest point; the declining period is the recession. A deeper, longer recession is sometimes called a depression. The trough is the lowest point and recovery is the upwards wing. Although all business cycles follow the same pattern of peak, recession, troughs, and recovery, not all cycles are the same. Some peaks are higher than others, some recessions are longer and more severe, and other variations occur from cycle to cycle. The lower portions of the cycle are usually accompanied by high rates of unemployment. Yet upward movements on the business cycle that reduce unemployment may result in increased inflation. The term unemployment is frequently used in macroeconomics. Unemployment means that there are people looking for a job but are unable to find work at the going wage. There may be work available that they are not trained to do, or there may be work available in other areas of the country. But these people cannot find work that they are capable of doing, that would not require relocating, or that would pay a wage they are willing to accept.

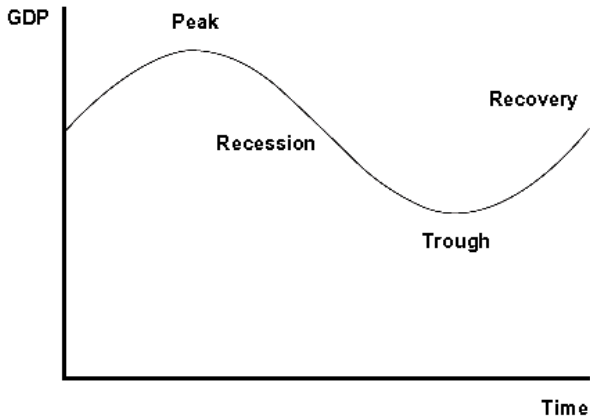


Figure 2. Business Cycle

This figure shows the phases of the business cycle. The high point is the peak, the declining portion is the recession, the low point is the trough, and the rising portion is the recovery.

Exercise 89. Give Ukrainian equivalents:

more-or-less-regular fluctuations, up and down phases, increases or decreases in gross domestic product, indicate the level of income, employment, pattern, to be accompanied by, high rates of unemployment, to reduce unemployment, to result in increased inflation, macroeconomics, to require relocating, wage.

Exercise 90. Answer the questions.

1. What is business cycle? 2 What phases does each business cycle go through? 3. What do positions on the cycle indicate? 4. Are all cycles the same? 5. What does the term unemployment mean? 6. What are the main reasons why people can't find work?

Exercise 91. Find a grammar mistake in each sentence.

1. In some years, most industries is booming and unemployment is low; in other years, most industries are operating well below capacity and unemployment is high. 2. Periods of economic prosperity are typically call expansions or booms; periods of economic decline are called recessions or depressions. 3. During an expansion, not only does output rise, but also employment rise and unemployment falls. 4. Conversely,

during a recession, the output of goods and services declines, employment falls, and unemployment rise. 5. Just as there no regularity in the timing of business cycles, there is no reason why cycles have to occur at all. 6. Monetary policy, in particular, appears to have to played a crucial role in causing business cycles. 7. Since the World War II, most business cycles has lasted three to five years from peak to peak.

Exercise 92. Use the words in brackets to make intentions with “going to”.

e.g. I have decided to accept the job. - *I'm going to accept the job.*

1. I have decided to leave on the 17th at 9.30 a.m. 2. This is where we are planning to build the new office. 3. I have decided to buy a BMW. 4. They have decided not to go abroad this year. 5. We have decided to change our price policy to ease financial stress. 6. I have decided to understand their businesses and help them meet their goals.

Exercise 93 Learn the following words and word combinations.

solar flare	- спалах на сонці
business inventory	- комерційні товарні запаси
GDP (gross domestic product)	- валовий внутрішній продукт
technological innovations	- технологічні нововведення, технологічні досягнення
spin-off	- побічний результат
refiner	- нафтопереробний завод
replacement level	- рівень відновлення
hands-off attitude	- позиція невтручання
laissez-faire	- невтручання держави в економіку
Say's Law	- закон Сея (згідно якого пропозиція сама створює попит)

Exercise 94. Read, translate and give the gist of text 14.

Text 14. Theories of Business Cycles

There have been many theories attempting to explain the cause of business cycles. One early explanation was that the business cycle resulted from sunspots, those solar flares on the surface of the sun. This theory was based on an observation that the period between peaks of the

business cycle was as long as the period between the peaks of sunspot activity. Weather, and therefore agricultural activity, is affected by sunspots, and variations in agricultural output lead to variations in the total output produced. But the sunspot theory was quietly dropped when a more careful investigation of solar activity revealed a cycle longer than first reported.

Another popular business cycle theory stressed variations in the amount of business inventory. It is difficult for a firm to keep inventories at a constant level. This variation in inventory affects investment, and GDP in turn will vary. The inventory theory, however, has a serious flaw. Just because a situation is true for one business it does not mean that the situation is true for all businesses together. While the inventories of one firm are going up, it is likely that those of another firm are going down. These two movements could counteract each other and leave little variation in total inventories. The inventory theory by itself does not explain business cycles.

Technological innovations were also suggested as a source of business cycles. At random periods of time, significant inventions have revolutionized a process. Trains, electricity, automobiles, airplanes, and microchips are such major innovations. Their production and use provided a new burst in economic activity and greatly increased income, output, and employment. Not only did the invention and production of the auto itself affect the economy, but so did its many spin-offs. The initial invention then required the building of a vast highway system; an oil supply network of producers, refiners, and distributors; motel systems and more to service the new innovation. At some point the production of autos levels off to a replacement level, the highways are built, and spending is only for maintenance. The result is a decline in income, output, and employment until the economy is sparked by the next innovation.

Yet it is difficult to explain why more-or-less-regular business cycles would occur using this theory of random innovations. And since we cannot predict the occurrence of the next innovation, the innovation theory is of little value in forecasting the business cycle.

Classical economics was the way of thinking that governed economic thought prior to the 1930s. One of its most influential opinions was that the government should stay out of the macro economy. It was acceptable for government to interfere with certain activities on the micro level, such as the regulation of business to encourage more competitive conditions, or the production of public goods like defense

or education; but no government interference should occur on the macro level. This hands-off attitude was called *laissez-faire*. The classical belief was that any government interference on the macro level would make conditions worse, not better. Thus, the government could do the most good in the macro economy by doing the least.

The belief was that the economy has a natural tendency to equilibrium at only one level — full employment — the most desirable of all possible outcomes. Thus any recession and period of unemployment would be limited by the very nature of the business cycle. Left to its own devices, the economy would automatically return to full employment. The classical economists relied on various models to support this belief. One of these models is Say's Law which states that supply creates its own demand.

It seems likely that at full employment the cycles are a part of the economy and are bound to occur. Further, Keynes argued that government action could be used to smooth out the previously mysterious business cycle. He pointed out that it is possible to reduce the fluctuations of the business cycle by the use of policy tools. Keynes stated that in certain situations there was no alternative except for deliberate interference by government.

Exercise 95. Give Ukrainian equivalents:

to result from sunspots, solar flares, observation, agricultural activity, business inventory, at a constant level, GDP, in turn, to counteract each other, at random periods of time; to increase income, output, and employment; more-or-less-regular, to be of little value, to stay out of the macro economy, to interfere with certain activities on the micro level, to encourage more competitive conditions, to have a natural tendency to equilibrium, unemployment.

Exercise 96. Give English equivalents:

причина економічних циклів, сільськогосподарська продукція, валовий продукт, мати серйозний недолік, забезпечити новий поштовх в економічній діяльності, передбачити появу нововведень, впливова точка зору, повна зайнятість, коливання економічного циклу, політичні інструменти.

Exercise 97. Answer the questions.

1. What is one of the early theories attempting to explain the cause of business cycles? What is it based on? 2. What was another popular business cycle theory? Did it make sense? 3. Why were technological innovations suggested as a source of business cycles? 4. Is it possible to explain business cycles using the theory of random innovations? 5. What was one of the most influential opinions in classical economics prior to the 1930s? 6. What activities was it acceptable for government to interfere with? 7. What is the French synonym to “hands-off attitude” in business? 8. What does Say’s Law state? 9. What did Keynes point out?

Exercise 98. Match the terms with their definitions.

- | | |
|------------------------------|--|
| 1. technological innovations | a) the recurring and fluctuating levels of economic activity that an economy experiences over a long period of time. |
| 2. John Keynes | b) the amount of goods and services produced in a year, in a country. |
| 3. classical economics | c) a school of economic thought that began with Adam Smith’s writing of the “Wealth of Nations” in 1776. |
| 4. Say’s Law | d) the process through which new (or improved) technologies are developed and brought into widespread use. |
| 5. business cycles | e) an economic proposition named after the French businessman and economist Jean-Baptiste Say (1767–1832). |
| 6. GDP | f) a situation in which all available labour resources are being used in the most economically efficient way. |
| 7. full employment | g) a British economist whose ideas have profoundly affected the theory and practice of modern macroeconomics, as well as the economic policies of governments. |

Exercise 99. Learn the following words and word combinations.

workforce

- рабоча сила

frictional unemployment	- фрикційне, тимчасове безробіття
cyclical unemployment	- циклічне безробіття
structural unemployment	- структурне безробіття
seasonal unemployment	- сезонне безробіття
criterion (pl. criteria)	- критерій

Exercise 100. Read, translate and give the gist of text 15.

Text 15. Unemployment

Not everyone who wants a job can find one. On one day in any recent year, around 900,000 men and 600,000 women in the United Kingdom are unemployed. During a recession, unemployment rises above this level and during an expansion, it falls below this level.

Macroeconomists study unemployment to determine methods to control this serious economic problem.

An internationally recognized definition of unemployment is a state in which a person does not have a job but is available for work, willing to work and has made some effort to find work within the previous four weeks. The total number of people who are unemployed on this criterion plus the number of people employed is called the workforce. The unemployment rate is the percentage of the people in the workforce who are unemployed.

Unemployment means lost production for the economy and loss of income for the individual. One type of unemployment is frictional unemployment, which includes those people who are not employed because they have been fired or have quit their job. Cyclical unemployment follows the cycles of the economy. For example, during a recession, spending is low and workers are laid off because production needs are reduced. Structural unemployment occurs when a job is left vacant because a worker does not have the necessary skills needed or a worker does not live where there are available jobs. Some unemployment is due to seasonal factors; that is, employees are hired only during certain times of the year.

To help lessen the problem of unemployment, the government can use its powers to increase levels of spending by consumers, businesses, and the government itself and by lowering taxes or giving tax incentives, which makes available more money with which to purchase goods and services. This in turn puts more laid-off workers back to work.

Exercise 101. Give English equivalents:

безробіття, ринок праці, безробітний, робоча сила, рівень безробіття, фрикційне безробіття, циклічне безробіття, структурне безробіття, сезонне безробіття, звільняти, наймати, покинути роботу, скорочені робітники, податкові пільги.

Exercise 102. Complete the sentences with the types of unemployment.

1. _____ unemployment includes those people in the process of relocating from one job to another.
2. _____ unemployment is expected when workers are laid off during the off season.
3. _____ unemployment occurs when the economy slows down, and there are more unemployed people than there are available jobs.
4. _____ unemployment occurs when there are many people unemployed while there are many jobs available, but the unemployed lack the necessary qualifications for the jobs.

Exercise 103. Classify the following as frictional, seasonal, cyclical, or structural unemployment.

1. Aunt Ettie fires her elderberry pickers at the end of the season. 2. Cousin Clyde lost his job when the sales of his firm and other firms went down. 3. Cousin Katy got tired of the cold, quit her job in Cleveland last week, and found a new job in Orlando. She starts next month. 4. Barney went to school to be a blacksmith and cannot find a job.

Exercise 104. Fill in the blanks with the words from the box.

unemployment	work force	underemployed	seasonal (2)
rate			
cyclical (2)	frictional (2)	structural (2)	employment

Those employed and those unemployed but looking for work make up the _____. The percentage of the work force that is unemployed is measured by the _____. When workers cannot find full-time jobs equal to their skills, they are classified as _____. The major types of unemployment are _____,

_____, _____, and _____. People who are voluntarily between jobs compose _____ unemployment. Workers laid off during the off season compose _____ unemployment. When the economy slows down, _____ unemployment occurs. When people lack the qualifications for the available jobs, we experience _____ unemployment. We may have a 5 or 6 percent unemployment rate yet some economists may call this full _____.

Exercise 105. Answer the questions.

1. Why do macroeconomists study unemployment? 2. What is unemployment? 3. What is called workforce? 4. What is unemployment rate? 5. What are the four types of unemployment? 6. What can the government do to help lessen the problem of unemployment?

Exercise 106. Translate into English.

1. Безробіття - це стан, коли людина не має роботи, хоча є працездатною, бажає працювати і доклала певних зусиль для пошуку роботи. 2. Рівень безробіття – це відсоток працездатного населення, які не мають роботи. 3. Безробіття означає втрачене виробництво для економіки та втрачений дохід для окремої особи. 4. Циклічне безробіття виникає внаслідок коливань економіки. 5. Фрикційне безробіття виникає, коли робочі тимчасово знаходяться без роботи в результаті зміни місця праці. 6. Структурне безробіття — виникає в результаті зміни структури економіки, наприклад, внаслідок технологічної революції. 7. Сезонне безробіття — результат природних коливань кліматичних умов протягом року або коливань попиту.

Exercise 107. Learn the following words and word combinations.

the natural rate of unemployment	- природний рівень безробіття
retire	- йти у відставку або на пенсію
labour force	- робоча сила, працівники, кадри
downsize	- зменшувати, скорочувати
fail	- зазнати невдачі, збанкрутувати

Exercise 108. Read, translate and give the gist of text 16.

Text 16. Full Employment

There is always some unemployment – even at full employment. So what do we mean by full employment?

Full employment occurs when there is no cyclical unemployment – when all the unemployment is frictional and structural. The unemployment rate at full employment is called the natural rate of unemployment.

There can be quite a lot of unemployment at full employment, and the terms “full employment” and “natural rate of unemployment” are examples of technical economic terms that do not correspond with everyday language. For most people – and especially for unemployed workers – there is nothing natural about unemployment. So why do economists call a situation with a lot of unemployment one of “full employment” and “natural unemployment”?

The reason is that the economy is a complex mechanism that is always changing. In 2003, the UK economy employed 28 million people. About a half a million workers retired during that year and more than half a million new workers entered the labour force. All these people worked in several million businesses that produced goods and services valued at more than £1 trillion. Some of these businesses downsized and failed, and others expanded.

This process of change creates frictions and dislocations that are unavoidable. And the unemployment the process creates is unavoidable. Natural unemployment and full employment refer to that state of the world in which the unemployment that exists stems from the natural frictions and dislocations that constantly bombard our lives.

Exercise 109. Give English equivalents:

повна зайнятість, природній рівень безробіття, робоча сила, зменшуватися, зазнати невдачі, розширюватися, незгоди, порушення, неминучій.

Exercise 110. Give definitions to the terms: **unemployment, full employment, natural rate of unemployment, labour force.**

Exercise 111. Complete the definitions with the words from the box.

economy	wages	macroeconomics
unemployment	cyclical	work force

In _____, full employment is a condition of the national _____, where all or nearly all persons willing and able to work at the prevailing _____ and working conditions are able to do so. It is defined either as 0% _____, literally, no unemployment (the rate of unemployment is the fraction of the _____ unable to find work), or as the level of employment rates when there is no _____ unemployment.

Exercise 112. Discuss the questions.

- 1) In which countries is the unemployment rate above the natural rate? And in which countries is it below the natural rate?
- 2) If the unemployment rate is below the natural rate, what do you think will happen to the economy if the government does nothing?
- 3) If unemployment rate is above the natural rate, what do you think the government of that country should do about it?

Exercise 113. Learn the following words and word combinations.

intermediate	- проміжний
double counting	- подвійний, повторний рахунок
value	- вартість
approach	- підхід
interest	- відсотки (на капітал)

Exercise 114. Read, translate and give the gist of text.

Text 17. GDP

Total economic spending, which includes consumer, business, and government spending, determines the level of the gross domestic product (GDP), which is the market value of all final products produced in a year's time.

GDP is one of the most commonly used measures of economic performance. An increasing GDP from year to year shows that the economy is growing. The nation's policy makers look at past and present GDPs to formulate policies that will contribute to economic growth, which would result in a steady increase in the production of goods and services. If GDP is too high or growing too rapidly, inflation occurs. If GDP is too low or decreasing, an increase in unemployment occurs.

The definition of GDP stresses that we find the value of all final

goods. This means that we do not count the production of a good more than once. When we count the value of the intermediate products as well as the value of the final product, we are double counting. This occurs when the value of steel is counted as output along with the value of automobiles. The value of steel has been counted twice — once in its production and again as a part of the value of the automobiles; the iron ore that went into the steel was counted three times.

To avoid double counting, only the value of the final good is used to find GDP. Final goods are those sold at retail. The final value includes all the intermediate production that went into the good; therefore, the sum of all the final values measures the total production of the society.

We can find GDP from an **output approach** by adding up the final value of the total output of the economy. Remember that output and income are identical, and so we should also be able to find the same GDP figure by using an income approach. The **income approach** to GDP is found by adding all income received by the factors of production. Rent, wages, interest, and profit sum together to give the identical GDP figure obtained from the output approach. We think of GDP as a measure of both output produced and income earned. In the future, when we mention income do not think of your paycheck — but think of GDP instead.

A third method of finding GDP is the spending or expenditure approach. This approach divides the economy into four sectors and looks at how much each sector spends. The sectors are consumers, business, government, and foreign. Everything that is produced is purchased by one of these four sectors. That which is not purchased, business “purchases” in inventory. Thus, all production is accounted for as the sum of total spending. The sum of all expenditures by consumers, business, government, and the foreign sector makes up the **expenditure approach** to gross domestic product.

Exercise 115. Give English equivalents:

валовий внутрішній продукт, державні витрати, ринкова вартість, кінцеві товари, проміжні продукти, продукція, дохід.

Exercise 116. Match the halves of sentences.

1. The gross domestic product a) that went into the good.
2. When we count the value of the b) that the economy is growing.

- intermediate products as well as the value of the final product,
3. The final value includes all the intermediate production c) by adding up the final value of the total output of the economy.
 4. We can find GDP from an output approach d) is the market value of all final products produced in a year's time.
 5. Output and income e) we are double counting.
 6. The income approach to GDP is found f) are identical.
 7. An increasing GDP from year to year shows g) inflation occurs.
 8. If GDP is too high or growing too rapidly, h) by adding all income received by the factors of production.

Exercise 117. Answer the questions.

1. What is GDP?
2. What is double counting?
3. What approaches can we find GDP by?
4. What does an increasing GDP show?
5. What occurs when GDP is too high/ too low?

Exercise 118. Translate into English.

1. Загальні економічні витрати визначають рівень валового внутрішнього продукту.
2. ВВП- це ринкова вартість всіх кінцевих продуктів, вироблених за рік.
3. Показник ВВП, який збільшується з року в рік, показує, що економіка зростає.
4. Якщо ВВП занадто високий або зростає занадто швидко, має місце інфляція.
5. Якщо ВВП занадто низький або зменшується, підвищується рівень безробіття.
6. ВВП можна визначити трьома методами – виробничим, за доходами та за витратами.

Exercise 119. Learn the following words and word combinations.

- | | |
|-------------|------------------------------------|
| securities | - цінні папери |
| assets | - активи |
| fallacy | - помилка, помилковість |
| determinant | - вирішальний, визначальний фактор |

Exercise 120. Read, translate and give the gist of text 18.

Text 18. Consumption

The largest part of GDP is consumer expenditure, or consumption. Consumers are households buying goods and services for consumption.

Consumption is the purchase of goods and services by households. We buy food, clothing, entertainment, transportation, and so much more. Purchases of financial securities and other forms of personal “investment” are not counted as consumption since we cannot eat them, live in them, drive them, or in other ways consume them. These purchases are not consumption but merely a transfer of assets between individual consumers or between consumers and business, and are a form of saving.

Consumption was defined as the yearly total of all purchases of goods and services by consumers. Consumption is more than consumption by an individual household; consumption is an aggregate, a macro concept. Macro is concerned with the total consumption of all consumers. What causes consumption to rise or fall?

The main factor is income, real GDP. The direct relation between the level of income and the level of consumption is shown by the consumption function. John Maynard Keynes was one of the first to point out this consumption relation.

Generally, we expect people to buy more goods and services as income rises. As income rises, so does consumption. As income falls, so does consumption.

Income is an important determinant of the level of consumption. But beware of the fallacy of composition. We are not concluding that aggregate consumption goes up as aggregate income rises just because one person consumes more as income rises. We are concluding that the macroeconomic variable consumption is directly related to the macroeconomic variable income. This is a simple but rather important observation. The level of total income will determine the amount of total consumer spending.

Exercise 121. Give English equivalents:

споживчі витрати, купівля, цінні папери, активи, заощадження, функція споживання, вирішальний фактор.

Exercise 122 Answer the questions.

1. Who are consumers? 2. What is consumption? 3. Why are purchases of financial securities not counted as consumption? 4. What

does consumption function show? 5. What is the relation between the level of income and the level of consumption? 6. What will the level of total income determine?

Exercise 123. Translate into English.

1. Найбільшу частину валового внутрішнього продукту складають споживчі витрати. 2. Споживання - це купівля товарів та послуг домашніми господарствами. 3. Купівля фінансових цінних паперів та інші форм особистих інвестицій не вважаються споживанням. 4. Функція споживання показує пряме співвідношення між рівнем доходу та рівнем споживання. 5. Коли дохід зростає, люди купують більше товарів і послуг. 6. Коли дохід падає, рівень споживання також зменшується.

Exercise 124. Complete the text with the words from the box.

income	GDP	macroeconomics	income	output
micro	macro	expenditure	consumption	interest
profit	expenditure	microeconomics	wages	

Two major views of economics are _____ and _____ economics. The study of the individual parts of the economy is _____. The study of the economy as a whole is _____. Our focus is now on macroeconomics. What society earns through production is called _____. The total income of the economy is equal to the total _____. The total dollar value of all final goods and services produced during the year is measured by _____.

The GDP figure can also be found through the _____ approach and the _____ approach. The income approach adds all income to the resource owners, rent as well as _____, _____, and _____. Total spending of the four sectors of the economy yields the _____ approach. Purchases by consumers is _____.

Exercise 125. Read, translate and give the gist of text 19.

Text 19. Investment

Investment is the commitment of money or capital to purchase financial instruments or other assets in order to gain profitable returns in

the form of interest, income, or appreciation of the value of the instrument. Investment is related to saving or deferring consumption.

An investment involves the choice by an individual or an organization such as a pension fund, after some analysis or thought, to place or lend money in a vehicle, instrument or asset, such as property, commodity, stock, bond, financial derivatives (e.g. futures or options), or the foreign asset denominated in foreign currency, that has certain level of risk and provides the possibility of generating returns over a period of time. When an asset is bought or a given amount of money is invested in the bank, there is anticipation that some return will be received from the investment in the future.

Investment is a term frequently used in the fields of economics, business management and finance. It can mean savings alone, or savings made through delayed consumption. Investment can be divided into different types according to various theories and principles.

While dealing with the various options of investment, the defining terms of investment need to be kept in mind.

Investment in terms of Economics

According to economic theories, investment is defined as the per-unit production of goods, which have not been consumed, but will however, be used for the purpose of future production. Examples of this type of investments are tangible goods like construction of a factory or bridge and intangible goods like 6 months of on-the-job training. In terms of national production and income, Gross Domestic Product (GDP) has an essential constituent, known as gross investment.

Investment in Terms of Business Management

According to business management theories, investment refers to tangible assets like machinery and equipments and buildings and intangible assets like copyrights or patents and goodwill. The decision for investment is also known as capital budgeting decision, which is regarded as one of the key decisions.

Investment in Terms of Finance

In finance, investment refers to the purchasing of securities or other financial assets from the capital market. It also means buying money market or real properties with high market liquidity. Some examples are gold, silver, real properties, and precious items.

Financial investments are in stocks, bonds, and other types of security investments. Indirect financial investments can also be done with

the help of mediators or third parties, such as pension funds, mutual funds, commercial banks, and insurance companies.

Personal Finance

According to personal finance theories, an investment is the implementation of money for buying shares, mutual funds or assets with capital risk.

Real Estate

According to real estate theories, investment is referred to as money utilized for buying property for the purpose of ownership or leasing. This also involves capital risk.

Commercial Real Estate

Commercial real estate involves a real estate investment in properties for commercial purposes such as renting.

Residential Real Estate

This is the most basic type of real estate investment, which involves buying houses as real estate properties.

Exercise 126. Answer the questions.

1. What is the main purpose of investment? 2. What choice does an investment involve? 3. In what fields is the term “investment” usually used? 4. What can investment represent in terms of tangible and intangible goods? 5. What is investment in terms Finance?

Exercise 127. Find the synonyms in the text: investment, profit, goods, securities.

Exercise 128. Give the definition of the following terms: GDP, tangible goods, intangible goods, leasing, renting, mutual funds, return on investment, net profit.

Exercise 129. Learn the following words and word combinations.

disposable income	- дохід, який залишився після виплати податків, внесків тощо
subtract (from)	- віднімати
yield	- приносити прибуток
save	- заощаджувати
marginal propensity to	- гранична схильність до споживання

consume (mpc)

Exercise 130. Read, translate and give the gist of text 20.

Text 20. Taxes

As the saying goes, taxes, like death, are certain. Taxes are paid by both consumers and business. Before consumers make any consumption or saving decision, taxes are taken out of their income. When there are taxes, the consumer makes the consumption decision based on disposable income, where disposable income is income after taxes. This is true for the individual consumer as well as all consumers together at the macro level. Total tax collections are subtracted from income to yield disposable income. Disposable income can be either spent or saved by consumers. The impact of taxes is to reduce the income available for spending and therefore lower consumption. Similarly, saving will also be lower at each level of income because part of the income that would be saved now goes for taxes.

The consumption function describes how consumption changes when income changes. This information is summarized in the marginal propensity to consume, which is the change in consumption due to a change in income.

There are many kinds of taxes on individuals, but all have the same effect of reducing consumption. As long as the consumer does not save every added dollar of income, an increase in taxes will cause consumption to fall. If the consumer saves every extra dollar of income, an increase in taxes will make only saving fall. In every other case, part of the money paid in higher taxes may come from saving, but the remainder will come out of consumption. A reduction in taxes will have the opposite effect on consumption. Lower taxes are like an increase in income - suddenly there is more disposable income. Some of the increase in income that would have been tax payments may go into saving, but part will go into additional consumption. Thus a change in taxes will have an effect on consumption and also, as we know, on the level of income. Taxes have the identical effect on investment as on consumption. An increase in taxes reduces investment; a reduction in taxes increases investment. Taxes have the potential to change the level of income, as does government spending.

Exercise 131. Complete the sentences according to the text.

1. The saying goes ... 2. Taxes are paid by ... 3. Taxes are taken out of income ... 4. The consumer's consumption decision is based on ... 5. Disposable income is ... 6. MPC is ... 7. All taxes have the same effect on ... 8. Taxes have the potential ...

Exercise 132. Make sure you know the following word-combination:

to impose / levy a tax; to collect taxes; tax assessment; tax revenue; individual income tax; profits tax; tax rate; tax evasion; heavy tax; to lower / reduce tax rates; after tax; before tax; tax on land; real estate tax; property tax; death tax; highway tax; payroll tax; unemployment tax; single tax; taxation, taxpayer; be liable to tax; tax collector.

Exercise 133. Match the terms and their definitions.

- | | |
|--------------------|--|
| 1. value-added tax | a) a term levied on retail sale receipts and added to selling prices by retailers |
| 2. excise tax | b) a tax paid on motor vehicles in use on the road |
| 3. sales tax | c) a selective tax - sometimes called a consumption tax - on certain goods produced within or imported into a country. |
| 4. road tax | d) a tax levied on the difference between the cost of materials and the selling price of a commodity |

Exercise 134. Put questions to the underlined word-combination.

1. He already pays 40% tax on his income. 2. The total tax burden has risen only slightly. 3. The government has introduced tax incentives for fuel-efficient cars. 4. They may be taxed at a higher rate. 5. Cigarettes are heavily taxed in Britain. 6. The individual is taxed on the amount of dividend received.

Exercise 135. Give English equivalents.

приймати рішення про заощадження, окремий споживач, дохід після виплати податків, знизити рівень доходів, вплив, гранична схильність до споживання, податкові виплати, однаковий вплив, протилежний результат, державні витрати, спричиняти

падіння.

Exercise 136. Translate into English.

1. Податок - це виплати, якими держава обкладає людей, корпорації та інші економічні суб'єкти (тобто фізичні та юридичні особи). 2. Завдяки податкам, держава має кошти для своєї діяльності. 3. Податки носять примусовий характер. 4. Існує багато типів податків: на додану вартість, землю, нерухомість, спадок, прибуток, транспортний збір тощо. 5. Податкова політика в кожній державі відрізняється. 6. Податкові надходження контролюються податковими інспекторами з податкового управління.

Exercise 137. Discuss in groups.

1. Taxes, like death, are certain.
2. Evading the payment of taxes.

Exercise 138. Learn the following words and word combinations.

generate revenue	- отримувати доходи
estimate	- оцінювати
dam	- дамба
welfare	- соціальне забезпечення
tax revenue	- надходження від податків
surplus	- надлишок
aggregate demand	- сукупний попит
economic tool	- економічний інструмент

Exercise 139. Read, translate and give the gist of text 21.

Text 21. Government Spending

How is the federal budget prepared? The amount of revenue that will be generated from taxes is estimated, and government spending decisions are made. In some cases there are projects that were started in earlier years that require payment to continue — perhaps the purchase of aircraft carriers, or the building of dams or highways, or the provision of welfare benefits. There will be new projects to fund, like special space missions or research projects on energy. When the spending is totaled, it can be compared to the tax revenue. If the revenue is less than spending, a deficit occurs. If the revenue is greater than spending, a surplus results. If the deficit is too large, the budget may be adjusted either by raising

taxes or lowering spending. Similarly, if the surplus is too large, expenditures may be increased or taxes lowered.

Government expenditures have the same impact on the economy as consumer consumption or business investment. An increase in any one serves to speed up the economy; a reduction in any one serves to slow down the economy.

Note that the business and consumer sectors cannot spend at will. Investment is dependent on the level of interest, and consumption is dependent on the level of income. This is not true of the government sector. Most government spending is independent of both the interest rate and income. Thus the interest rate and level of income do not keep the government from spending more. However, government too encounters opportunity cost.

Government spending can be used as an economic tool. An increase in government spending increases aggregate demand. What the government purchases, or the reasons for its purchase, make no difference in the impact of its spending. Simply the fact that government has increased spending will increase total spending and therefore the level of aggregate demand. Similarly, a decrease in government spending will reduce the level of aggregate demand.

The ability of the government to tax provides another economic tool. An increase in taxes on consumers will reduce consumption and therefore aggregate demand. The same impact results from an increase in taxes on business. A reduction in taxes on consumers will increase consumption, and a reduction in taxes on business will increase investment. Either reduction in taxes will increase spending and aggregate demand. Thus the ability of the government to tax or spend will affect aggregate demand and the direction of the economy.

The decision to tax and the decision to spend by government can be made independently.

Exercise 140 . Give the order of steps to be taken:

- to determine whether deficit or surplus occurs;
- to total the spending
- to make decisions on further actions (to increase expenditures or lower taxes)
- to estimate the amount of revenue generated from taxes
- to make government spending decisions

- to compare the total spending to the tax revenue

Exercise 141. Look up in the dictionary and write down all definitions of the word “will”. Translate the sentences.

1. The business and consumer sectors cannot spend at will. 2. An increase in taxes on consumers will reduce consumption. 3. You’d better make a will. 4. What is lacking is the political will to get anything done about global warming. 5. He claims the police forced him to sign a confession against his will. 6. She was willing herself not to cry. 7. With the best will in the world, I don’t see what I can do more.

Exercise 142. Mind that these words can function both as nouns and verbs. Make up sentences to show it:

impact, result, increase, demand, examine, cost, tax, benefit, purchase, project, pay, aggregate, decrease, level.

Exercise 143. Translate into English.

1. Бюджетно-податкова політика здійснюється через податкові ставки та пільги, розподіл податкових надходжень за рівнями бюджетної системи (місцевим, середнім та центральним), певну структуру витрат, балансування бюджетів тощо. 2. Заходами грошової політики є норми банківських резервів та міжбанківських кредитів, норми відсотків за облігаціями та терміни їх випуску, регулювання грошової бази. 3. Завдяки цим заходам досягається збільшення (або зменшення) сукупного попиту, стимулювання (або стримування) виробництва через вплив на кредит та інвестиції тощо. 4. У межах соціальної політики як засоби використовуються: диференційоване оподаткування доходів, обов'язкове страхування по безробіттю та втраті працездатності, різні види соціальної допомоги. 5. В результаті цих заходів забезпечується необхідний мінімум споживання, перерозподіляються доходи, обмежується безробіття, гарантується здійснення соціальних програм (підтримки сім'ї, забезпечення житлом, підвищення рівня освіченості та культури тощо). 6. Засобами зовнішньоекономічної політики є податки, проценти за інвестиціями, пільги виробникам, що працюють на експорт, зміни у валютному курсі. 7. Наслідком використання цих засобів може стати стимулювання або обмеження експортних можливостей держави. 8. До типових адміністративних

засобів належать: планування обсягів виробництва та цін для підприємств, через які здійснюється природна державна монополія, антимонопольне регулювання та протидія затуханню конкуренції, розробка державних норм та стандартів (мінімальної зарплати, якості виробів, шкідливих викидів у довкілля), ліцензування експорту, консервування частини національних ресурсів, обмеження виробництва щодо деяких його видів чи на певних територіях.

Exercise 144. Learn the words and phrases from the text.

market power	- позиція на ринку; влада на ринку
revenue	- дохід

Exercise 145. Read, translate and give the gist of text 22.

Text 22. Revenue and Market Structure

Firms frequently make decisions that affect the revenue of other firms. For example, when a firm changes the price of its good, not only will it affect its own revenue, but it may affect the revenue of other firms as well. This ability to control price is called market power. Market power relates the revenue of one firm to another. The extent to which firms possess market power varies and depends on the market structure of the industry.

Market structure refers to the elements of market organization that affect the behavior of the firms. Three elements identify the market structure: the number of firms in the market, freedom of entry, and the degree to which the product is standardized.

First, what effect will the number of firms in the market have on market power? As the number of firms in a market increases, the control any one firm is likely to have over price decreases. Suppose that there is only one firm in the market. Then the firm can choose a price and sell the quantity demanded by the market. In that sense the firm is the market. As soon as there is more than a single firm, each firm suddenly comes under pressure in its choice of price. If one firm sets price above the other firm, the low-price firm has an advantage.

The freedom of entry, or the ease with which a firm is able to enter the market, determines the number of firms in the market. Easy entry means that a firm can obtain the necessary technology and resources to become a seller in the industry.

Another element that determines market structure is how

standardized the product is. A product is standardized if the consumer cannot distinguish the output of one firm from the output of another. The products seem identical. Two farmers growing the same grade of wheat produce a standardized product. On the other hand, cars produced by one firm are readily distinguishable from cars produced by another firm. Cars are a differentiated, not a standardized, good. The more standardized the good, the harder it will be for any producer to control the price. If your good is differentiated, you are able to control price. Because your good is different, you know that some consumers will pay a higher price. If the products are differentiated, the firm has some power over price.

Exercise 146. Give Ukrainian equivalents:

to make decisions, to affect the revenue, to possess market power, freedom of entry, to determine, affect the behavior of the firms, low-price firm, on the other hand, obtain the necessary technology and resources.

Exercise 147. Answer the questions.

1. What are the elements of market structure that generate market power? 2. What effect will the number of firms in the market have on market power? 3. What role does the freedom of entry play for the firm? 4. What is the difference between standardized and differentiated products? 5. How does the degree to which the product is standardized control the price?

Exercise 148. Complete the sentences with words from the text.

1. The ability of a firm to control price is called ... 2. As the market power of firms increases, the revenues of the firms become related. 3. The amount of market power depends upon the market ... 4. The elements of market structure include the number of ..., the freedom of ..., and the degree to which the product is ... 5. As the number of firms in a market increases, the control any one firm is likely to have over price ... 6. The freedom of entry is the ease with which a firm is able to ... the market. 7. A product is standardized if the consumer cannot distinguish the ... of one firm from the output of another. 8. The products seem identical.

Exercise 149. Translate into English.

1. Влада на ринку – це здатність контролювати ціни на

ринку, вона може змінюватися та залежить від структури ринку. 2. Три елементи, що визначають структуру ринку, включають в себе кількість фірм на ринку, вільний вихід на ринок та ступінь стандартизації продукції. 3. Чим більше стандартизований продукт, тим важче виробникові контролювати ціну. 4. Якщо одна фірма встановлює ціну нижчу за іншу, то фірма з нижчою ціною має вищі обсяги продаж та прибутки. 5. Вільний доступ до технологій та ресурсів дозволяє фірмам вільно виходити на ринок.

Exercise 150. Complete the multiple-choice tests.

1. Revenue is:
 - a. a fee paid on borrowed assets.
 - b. income that a company receives from the sale of goods and services to customers.
 - c. the total amount of money the firm spends.
 - d. none of the above.

2. If there are many firms in a market, then it is likely that:
 - a. all firms have market power.
 - b. no one firm can control price.
 - c. the product is an essential one.
 - d. there are barriers to entry.

3. Which product is standardized?
 - a. Grade A eggs.
 - b. Subcompact cars.
 - c. Size medium shirts.
 - d. Left-handed baseball gloves.

4. The freedom of entry determines:
 - a. the opportunity cost.
 - b. money and inflation.
 - c. the number of firms in the market.
 - d. fixed and floating rates.

5. A product is standardized if :
 - a. it is used for non-business purposes.
 - b. it is sold at, or below, the retail price.
 - c. stores charge less than the wholesale price.
 - d. the consumer cannot distinguish the output of one firm from the

output of another.

Exercise 151. Practise “*ever and never + Present Perfect*”. Write questions using the prompts. See the example.

*e.g. you/ever/be/one of the conferences?
Have you ever been to one of the conferences?*

1. you/ever/be/Kyiv before? 2. you/ever/work for international company? 3. you/ever/learn English? 4. you/ever/eat/sushi? 5. you/ever/visit Germany? 6. you/ever/ organize conference like this?

UNIT II. ECONOMIC ACTIVITY OF AIRLINES

Exercise 1. Learn the following words and word combinations.

complex interaction

складна взаємодія

foster

сприяти

intangible benefits

нематеріальні переваги

surface transport

наземний транспорт

Exercise 2. Read, translate and give the gist of text 1.

Text 1. The role of air transport in civil economic and social development

Civil aviation, through a complex interaction with other economic sectors, benefits from and contributes to the economic development of nations. As incomes and production levels increase, the demand for aviation services expands; at the same time by fostering tourism, trade and employment, aviation is an important instrument in economic development. Air transport also provides intangible benefits by facilitating increased international contact and understanding.

As economic activity increases, so does the extent of business travel and with it the need for the speed and convenience of air transport services. Also, as personal income and available leisure time increase, air tourism becomes increasingly popular.

Freight transport by all modes increases as interregional trade expands, and since the more dynamic sectors of industry often rely

- rather than by air or under the sea.
2. trade b) the business of providing things for people to do, places for them to stay while they are on holiday.
3. employment c) the activity of buying, selling, or exchanging goods.
4. freight transport d) the condition of having a paid job.
5. surface transport e) transport that carries goods.

Exercise 8. Learn the following words and word combinations.

permanent	постійний
means	засіб
matter	питання
Air traffic control	Управління повітряним рухом, диспетчерська служба
airworthiness	Придатність до експлуатації
facilities	Засоби обслуговування
implementation	запровадження
consequence	Наслідок, результат
vary	змінюватися
Take into account	Брати до уваги

Exercise 9. Read, translate and give the gist of text 2.

Text 2. International Civil Aviation Organization (ICAO)

In November 1944 a Convention on International Civil Aviation was signed by 52 States which set up the permanent International Civil Aviation Organization (ICAO) as a means to secure international co-operation at highest possible degree of uniformity in regulations and standards, procedures and organization regarding civil aviation matters.

There are two major activities of ICAO:

a. those which cover generally applicable rules and regulations concerning training and licensing of aeronautical personnel both in the air and on the ground, communication systems and procedures, rules for the air and air traffic control systems and practices, airworthiness requirements for aircraft engaged in international air navigation as well as

their registration and identification, aeronautical meteorology and maps and charts.

b. those concerning the practical application of air navigation services and facilities by States and their coordinated implementation in specific areas.

To meet the latter objective it was agreed to sub-divide the surface of the earth into a number of "regions" within which distinct and specific air navigation problems of a similar nature existed. A typical example of this process is illustrated by a comparison of the so-called "North Atlantic Region (NAT)", where the primary problems concern long-range overseas navigation, with the "European-Mediterranean region (EUR)" where the co-ordination of trans-European operations with domestic and short-range international traffic constitutes the major problem. As a consequence of the above ICAO adopted the concept of Regions and Regional Offices on the understanding that any regional activities could vary from Region to Region taking into account the general economic, technical or social environment of the Region concerned.

Exercise 10. Answer the questions on text 2.

1. When was ICAO set up? 2. What is the aim of ICAO ? 3. What major activities does ICAO cover? 4. Why was the surface of the earth sub-divided? 5. What do regions share? 6. Why do activities of ICAO vary from Region to Region?

Exercise 11. Make sure you can translate:

permanent organization, to secure cooperation and uniformity, means, applicable rules, implementation, to meet the latter objective, primary problems, long-range overseas navigation, to adopt the concept.

Exercise 12. Mind the pronunciation:

licensing, aeronautical personnel, procedures, airworthiness requirements, registration, identification, consequence, navigation, air traffic control, meteorology, surface.

Exercise 13. Complete the sentences with the correct word (**consequence, navigation, air traffic control, meteorology, surface**).

1. The scientific study of weather conditions is 2. The

process or job of giving instruction to pilots by radio is 3. The science or job of planning which way you need to go when traveling from one place to another 4. Something that happens as a result of a particular action or set of condition is 5. The top layer of an area of water or land is

Exercise 14. Insert prepositions: *in, by, against, on, of, at, on to, of.*

The Chicago Convention ... International Civil Aviation has been amended ... 18 Annexes which contain the regulatory information ... specific problems.

... recent years the aviation industry has seen the emergence ... world-wide attacks ... the safety and security ... the traveling public, airlines, and aircraft. Acts ... unlawful interference have also occurred .. airports and airline facilities.

Annex 17 prescribes International Aviation Security Standards and Recommended Practices.

Annex 18 regulates dangerous goods transportations, while Annex 8 is devoted to Airworthiness of Aircraft.

ICAO publishes "ICAO Bulletin" (a monthly journal) which contains necessary information for aviation specialists.

Ukraine joined the International Civil Aviation Organization ... 1991 and ratified all main legislative and regulatory documents ... ICAO.

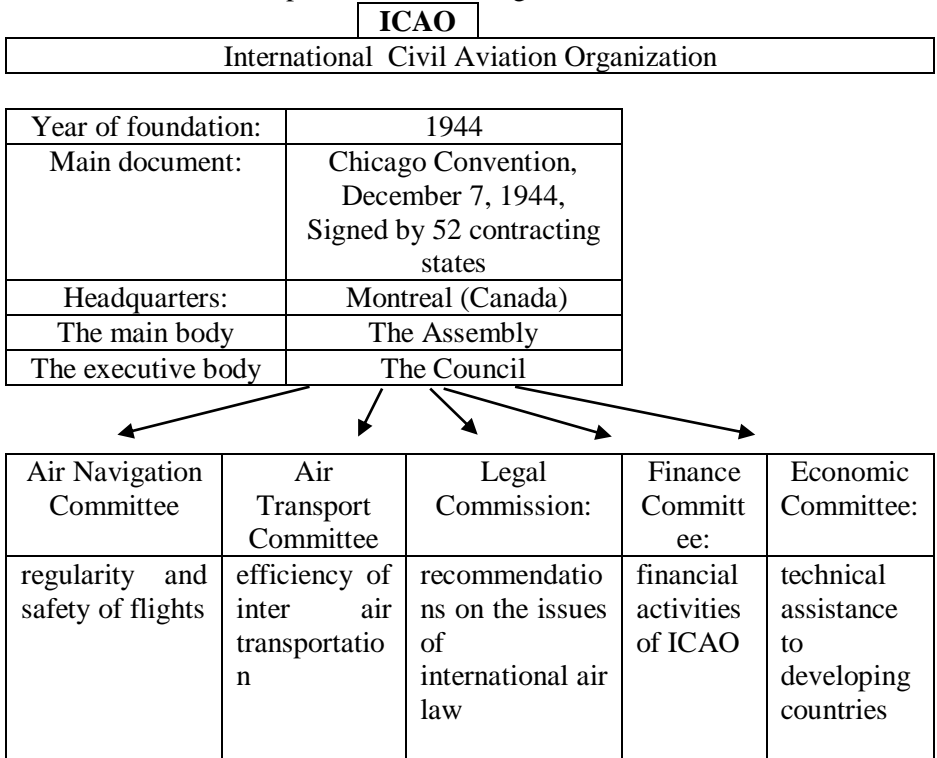
Exercise 15. Give title and put questions to the text.

ICAO has a responsibility under its founding Chicago Convention of 1944 to promote the free, expeditious and unimpeded passage of an aircraft and its occupants across international boundaries. The most important is the establishment of the goal to clear all the passengers requiring the normal inspection at major international airports within 45 minutes of disembarkation, regardless of the aircraft size and scheduled arrival time.

The need to prevent terrorism and the requiring to suppress trafficking in narcotics and to guard against the rising tide of illegal immigrants (inadmissible persons) have led governments around the world to tighten security. New methods are technologically advanced screening equipment: metal detectors, x-ray scanners, bar-code scanners, mass spectroscopy, chemiluminescence and low-energy neutron bombardment for detection of narcotics, weapons and other restricted

items.

Exercise 16. Speak on ICAO using the scheme.



Exercise 17. Learn the following words and word combinations.

equidistant	рівновіддалений
inscribe	надписувати
wreath	вінок
conventional	Традиційний, загальноприйнятий
incorporation	Злиття, об'єднання
Cyrillic character	Літера з кирилиці

Exercise 18. Read, translate and give the gist of text 3.

Text 3. ICAO Emblem



Figure 1. The ICAO Emblem

The United Nations emblem constitutes the basis of the ICAO emblem. The design adopted for the UN emblem may be described as follows: a map of the world on a north polar azimuthally equidistant projection inscribed in a wreath of crossed conventional branches of an olive tree; the projection extends to 60 degrees south latitude and includes five concentric circles, all except the central circle being divided into octants, with the Greenwich meridian as the lower vertical axis. The two symbols composing the UN emblem are the olive branch, which can be traced back to ancient Greece as a symbol of peace and the world map, which depicts the area of concern to the United Nations in achieving its primary intended purpose of maintaining international peace and security.

In 1955 United Nations authorized the use of the United Nations emblem with the design of the wings superimposed to serve as the official emblem of ICAO.

The incorporation of the initials “ICAO” and “OACI” refers to the English, French and Spanish denominations of the International Civil Aviation Organization as the original text of the Convention on International Civil Aviation had been drawn up in those three languages.

The Union of Soviet Socialist Republics USSR became the 120th member of ICAO on 14 November 1970. In 1971 the Russian language was introduced as a fourth official language of ICAO. It should be noted that the Cyrillic characters adopted for the emblem do not correspond to the initials of the Organization in Russian, but rather the transliteration of

the English ICAO.

The Chinese Language was adopted as one of the working languages of ICAO in 1977.

In 1986 Arabic was approved as a working language at ICAO. The Arabic inscription emblem is not an Arabic word but a transliteration from the English.

The compilation of the various emblems used by ICAO since its inception has shown a consistent evolution of the design according to the languages used by the Organization, with however the accent put on having a pattern close to the emblem of the United Nations, embracing the world through the spirit of cooperation to achieve the safe and orderly development of civil aviation.

Exercise 19. Answer the questions on text 3.

1. What is the basis of the ICAO emblem? 2. What is the design of the UN emblem? 3. What are the meanings of the two symbols composing the UN Emblem? 4. What three languages appear on the ICAO emblem? Why? 5. What language was introduced as a fourth working language of ICAO? When? 6. What do the Arabic and the Chinese inscriptions mean? 7. What does the compilation of the ICAO emblems show?

Exercise 20. Make sure that you know:

north polar, a wreath, projection, conventional branches, axis, south latitude, to depict, the area of concern, primary purpose, maintain peace and security, incorporation, denomination, transliteration, compilation.

Exercise 21. Complete the sentences according to the text.

1. The UN emblem constitutes 2. The olive branch comes from ... and means 3. The world map depicts 4. The working languages of ICAO are 5. The incorporation of the initials "ICAO" refer to 6. To embrace the world through the spirit of cooperation to achieve the safe and orderly development of civil aviation is

Exercise 22. Translate the sentences. Mind the meanings of the word "character". Put a question to the word in bold.

1. Openness is at the heart of the American character.

2. Everyone recognized Disney's cartoon characters. 3. The campaign was accused of character assassination because of its negative ads. 4. The Chinese characters differ from the Cyrillic ones.

Exercise 23. Learn the following words and word combinations.

scheduled traffic	регулярні рейси
awareness	обізнаність
impact	вплив
stakeholders	акціонери
expertise	компетентність
complexities	складнощі

Exercise 24. Read, translate and give the gist of text 4.

Text 4. International Air Transport Association (IATA)

Air transport is one of the most dynamic industries in the world. The International Air Transport Association (IATA) is its global trade organization.

Over 60 years, IATA has developed the commercial standards that built a global industry. Today, IATA's mission is to represent, lead and serve the airline industry. Its members comprise some 230 airlines - the worlds leading passenger and cargo airlines among them - representing 93 percent of scheduled international air traffic.

IATA seeks to improve understanding of the industry among decision makers and increase awareness of the benefits that aviation brings to national and global economies. It fights for the interests of airlines across the globe.

IATA's aim is to help airlines help themselves by simplifying processes and increasing passenger convenience while reducing costs and improving efficiency. Safety is IATA's number one priority, and IATA's goal is to continually improve safety standards. Another main concern is to minimize the impact of air transport on environment.

IATA ensures that people and goods can move around the global airline network as easily as if they were on a single airline in a single country. In addition, it provides essential professional support to all

industry stakeholders with a wide range of products and expert services, such as publications, training and consulting. IATA's financial systems also help carriers and the travel industry maximize revenues.

For consumers, IATA simplifies the travel and shipping processes, while keeping costs down. Passengers can make one telephone call to reserve a ticket, pay in one currency and then use the ticket on several airlines in several countries.

IATA allows airlines to operate safely, securely, efficiently and economically under clearly defined rules.

IATA serves as an intermediary between airlines and passenger as well as cargo agents via neutrally applied agency service standards and centralized financial systems.

A large network of industry suppliers and service providers gathered by IATA provides solid expertise to airlines in a variety of industry solutions.

For governments, IATA seeks to ensure they are well informed about the complexities of the aviation industry to ensure better, long-term decisions.

IATA's aims are:

1. To promote safe, regular and economical air transport for the benefit of the peoples of the world, to foster air commerce, and to study the problems connected therewith;
2. To provide means for collaboration among the air transport enterprises engaged directly or indirectly in international air transport service;
3. To cooperate with the International Civil Aviation Organization (ICAO - the specialized United Nations agency for civil aviation) and other international organizations.

Exercise 25. Answer the questions on text 4.

1. What does IATA stand for? 2. What industry is one of the most dynamic? 3. What is IATA's mission? 4. What/Who are the members of IATA? 5. What does IATA seek? 6. What does IATA fight for? 7. What are the priorities of IATA? 8. What does IATA provide for consumers /airlines/ industry suppliers/governments? 9. What are the aims of IATA?

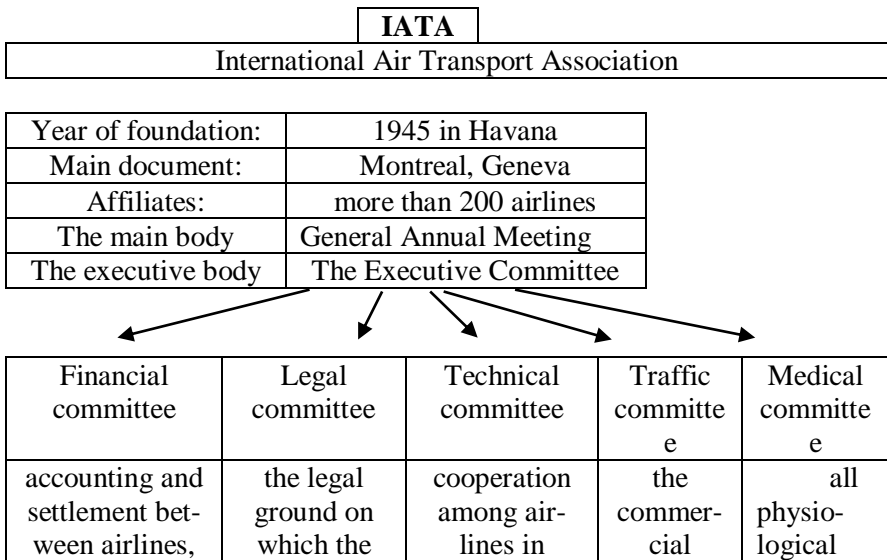
Exercise 26. Make up your own sentences using the following word combinations:

to develop the standards, to build a global industry, to increase awareness of the benefits, to simplify the process, to reduce costs, to improve efficiency, to minimize the impact (on), to provide support to stakeholders, a wide range of products and services, to maximize revenues, shipping process, solid expertise, a variety of solutions, to inform about complexities, to ensure long-term decisions, to foster air commerce.

Exercise 27. Translate into English.

1.Завдяки роботі IATA пасажирів можуть бронювати квиток по телефону, сплачувати в одній валюті, а подорожувати по різних країнам. 2.IATA надає переваги всім зацікавленим сторонам: споживачам, авіакомпаніям, постачальникам, вантажним агентам, урядам тощо. 3.IATA створила чітко визначені правила з усіх видів діяльності в авіаційній галузі. 4.Саме IATA забезпечує всі автотранспортні підприємства засобами для співпраці.5.IATA намагається покращити взаєморозуміння між структурами, які посередньо або безпосередньо залучені у сферу авіації.

Exercise 28. Speak on IATA using the scheme.



currency and exchange, taxation, charges, insurance, statistics	whole structure of interline agreement and documentation is based	operational and technical matters	activities of the airlines, exchange of traffic between airlines	and psychological factors which might affect safety, comfort and efficiency of air crew and passengers
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Exercise 29. Put questions to the sentences.

1. IATA deals with the non-political aspects of air transport operation. 2. IATA's budget is financed from the dues paid by its members, largely in proportion to the part of the total international air traffic which each carries. 3. Some IATA activities are self-supporting through charges for services rendered.

Exercise 30. Learn the following words and word combinations.

jet plane	- реактивний літак
propeller airplane	- гвинтовий літак
trunk line	- головна повітряна лінія
feeder line	- допоміжна повітряна лінія
scheduled flight	- регулярні рейси
non-scheduled flight	- нерегулярні рейси
to make a reservation	- бронювати місце (на літаку)
jumbo jet	- великий реактивний літак
charters	- чартерні рейси
in-flight service	- обслуговування під час рейсу
aisle	- прохід
departure gate	- місце виходу з аеровокзалу на посадку

passenger compartment	-	пасажирський салон
reclining seat	-	відкидне крісло
maintenance	-	технічне обслуговування
air traffic control	-	центр керування повітряним рухом
ground service personnel	-	наземний обслуговуючий персонал

Exercise 31. Read, translate and the gist of text 5.

Text 5. Airline services

The airlines of the world offer many varieties of services in many different kinds of aircraft. Transcontinental and transoceanic flights are made in giant jet planes, some of which can carry several hundred passengers on each flight. Smaller jets are commonly used on the shorter, more heavily travelled routes between major centres of population – Paris-London, for example, or New York-Chicago. In contrast to the jets are propeller airplanes, which are slower and smaller than the jets. Many different kinds of propeller planes fly on short routes into small airports.

There are several ways in which airline service can be divided into categories. One distinction is between *trunk lines* and *feeder lines*. Trunk lines are those which operate between major population centres. New York to San Juan, Puerto Rico, is an example of a trunk route. Feeder lines, which are sometimes called local lines, connect smaller cities and towns with each other or with the major centres and the major airports.

Airline passenger service can be divided into *scheduled* and *non-scheduled* flights. A scheduled flight leaves at the same time on the same day to the same destination. The schedule for the flight is published by the airline in its timetable. The passenger can make a reservation in advance for a scheduled flight with the reasonable expectation that the flight will leave at a certain time and go to a certain place regardless of the number of passengers who have tickets for the flight. Many scheduled flights often carry only a small number of passengers.

A non-scheduled flight depends on the availability of passengers and aircraft. Non-scheduled flights may carry only a few passengers in a small plane, or they may carry hundreds of people on a jumbo jet. These latter flights are often called *charters*. Charters are especially popular with groups on vacation since they usually cost much less than scheduled flights on the same routes. Scheduled airlines often provide non-scheduled services – particularly charter flights – during the tourist

season.

On the flight itself, there is usually a distinction between *first class* and *economy*, which was formerly known as *tourist class*. The first class passenger has more space and receives more in-flight service. In most modern jets, the seating plan in first class is usually two seats on each side of the aisle; in economy there are usually three seats side by side. The first class seats are usually farther apart so that the passenger has more room for his legs. To the passenger, the chief difference between first class and economy may well be the cost – first-class fares are much higher than economy fares.

Many airlines offer one-service flights, especially on short, heavily travelled routes. In the USA on a few routes, notably New York-Washington, New York-Boston, and Los Angeles-San Francisco, there are *shuttle flights*. The passenger does not have to make a reservation in advance, and he pays for his ticket either at the departure gate or on the flight itself.

A final distinction is between *passenger* and *freight* (or *cargo*) service. In the early days of the airlines, freight was usually carried in the baggage compartment of the plane. In some cases, freight was even carried in the passenger compartment. In this event, the reclining seats were taken out, the passengers sat in “bucket seats” along the sides of the plane, and the freight was strapped down in the middle of the compartment. Nowadays, small shipments may still be carried in the baggage compartment, but there are also special planes which provide both scheduled and non-scheduled air freight service. Some of these planes are converted from passenger aircraft; others are specially designed to carry freight. With these special planes, freight in bulk can be moved by air, though the cost is usually considerably higher than surface shipment.

The airline industry is still very young, but it is growing rapidly often occupying an increasingly important place in the economy of many nations. In some areas of the world, air service is the only effective means of public transportation. Today the airlines carry millions of passengers every year on both local and long-distance flights. They employ thousands of people to handle the passengers and freight that they carry.

Many of these people work in various technical jobs where they have little or no direct contact with the public – in aircraft maintenance or air traffic control, for example. Thousands of others, however, come into

daily contact with the travelling public. They include reservations and ticket agents, ground service personnel, cabin attendants and other flight personnel, and many others.

Exercise 32. Translate into Ukrainian:

to offer many varieties of services, giant jet planes, propeller airplanes, to fly on short routes, trunk lines, feeder lines, scheduled and nonscheduled flights, destination, to depend on the availability of passengers and aircraft, a jumbo jet, in-flight service, first class and economy (tourist) class, to have two seats on each side of the aisle, heavily traveled routes, shuttle flights, to make a reservation in advance, to pay for the ticket either at the departure gate or on the flight itself, passenger and freight service, to be carried in the baggage compartment of the plane, the reclining seats, “bucket seats”, to be strapped down in the middle of the compartment, to be converted from passenger aircraft, to be designer aircraft, to be designer to carry freight, freight in bulk, to employ thousands of people, to handle passengers and freight, aircraft maintenance, air traffic control, to have little or no direct contact with the public.

Exercise 33. Name the following definitions:

a journey made by air, esp. in an aircraft; a very large aircraft with one or more jet engines; an aircraft with two or more blades, fixed to a revolving rod for propelling; lines which connect smaller cities and towns with each other or with the major centers and the major airports; lines which operate between major population centres; flight which is performed due to the depends on the availability of passengers and aircraft, the hiring of an aircraft for a particular purpose or group of people; a passage between rows of seat in an aircraft; flight performed by aircraft with the most comfortable accommodation; the cheapest class of air travel (second class).

Exercise 34. Define the following terms:

trunk lines, feeder lines, scheduled flights, charter flight, first class flight, economy (tourist) class flight, shuttle flight.

Exercise 35 . Answer the questions.

1. What services do the airlines of the world offer? 2. What

flights are made in giant jet planes? 3. What routes are smaller jets commonly used on? 4. Why do many kinds of propeller planes fly on short routes into small airports? 5. What is the distinction between trunk lines and feeder lines? 6. What flights can airline passenger service be divided into? 7. What distinction is there between scheduled and non-scheduled flight? 8. When are charters especially popular? 9. What distinction is there between first class and economy class flight? 10. When do airlines offer shuttle flights? 11. What do you know about passenger and freight service? 12. Why are some planes converted from passenger aircraft into freighters? 13. Why is the airline industry growing rapidly often occupying an increasingly important place in the economy of many nations?

Exercise 36. Name and analyze the use of tense-form in text 5.

Exercise 37. Learn the words and word combinations from the text.

handle (process)	- обслуговувати; обробляти
terminal building	- аеровокзал
passenger and baggage-handling (processing) counter	- стійка обслуговування пасажирів та обробки багажу
ticket counter (booking office)	- білетна каса
check-in counter	- стійка реєстрації пасажирів
baggage claim area (luggage retrieval)	- зона отримання багажу
information counter (inquiry office)	- інформаційна стійка (довідкове бюро)
information board	- інформаційне табло
telecommunication facilities	- засоби телекомунікацій
flight catering activities	- служба бортового харчування
cash advances on credit card	- видача готівки за кредитною карткою
money order	- грошовий переказ
foreign currency exchange	- обмін іноземної валюти

ATM (automated teller machine)	- банкомат
lounge (or lobby)	- зал аеровокзалу
Wi-Fi (wireless Internet service)	- безпроводний Інтернет, мережа Wi-Fi

Exercise 38. Read, translate and give the gist of text 6.

Text 6. Airport passenger facilities

Modern airports handle a lot of international and domestic passengers. Terminal building of the airport provides passengers with a variety of activities any airline needs:

- passenger and baggage-handling (processing) counters such as ticket counters (booking offices), check-in counters;
- baggage claim area or luggage retrieval;
- an information counter (inquiry office), and information board;
- telecommunication facilities;
- mail express and light cargo processing;
- flight catering activities.

In the terminals passengers can purchase tickets, check or claim luggage and board aircraft through the gates. There may be situated duty-free shops, various gift shops and newsstands, a post-office department, a first-aid room, chemist's, hairdresser's, mother-and-child room (a nursery for passengers with small children), toilets, left-luggage department, luggage lockers, lost and found.

Often bank may be located in the ticket lobby next to the post office. Services offered include cash advances on credit cards, traveller's checks, money orders, foreign currency exchange, and ATM machines.

All airports aim at ensuring better convenience and comforts for airline passengers. An airport lounge (lobby or concourse) is a central hall where passengers may rest while waiting for their flights. It offers phone, fax, free Wi-Fi (wireless Internet service), enabling airport visitors to stay connected to their home or office. Major airports offer other business services, along with television, newspapers, and magazines to enhance comfort. At lounges, passengers will also find more comfortable seating and quieter environments than in the airport terminal. Besides offering more comfortable seating, lounges usually provide beverages like coffee, water, soft drinks, juices, beer and other alcoholic beverages. Lounges also provide snacks like fruit, pastries and cheese. Airline lounges frequently offer free or reduced cost food, as well as beverages.

Some airport structures include on-site hotels built within or attached to a terminal building. Airport hotels have grown popular due to their convenience for transient passengers and easy accessibility to the airport terminal.

Exercise 39. Give Ukrainian equivalents:

to handle a lot of international and domestic passengers, terminal building, to provide passengers with something, passenger and baggage-handling (processing) counter, baggage claim area or luggage retrieval, to check or claim luggage, information board, to purchase ticket, newsstand, post-office department, chemist's, hairdresser's, cash advances on credit card, post office, foreign currency exchange, ATM machines, to aim at ensuring better convenience, airline passengers, flight, to enable airport visitors to stay connected to their home or office, to enhance comfort, beverages, to offer free or reduced cost food.

Exercise 40. Translate into English:

сучасний аеропорт, обробка багажу, обслуговування пасажирів, білетна каса, стійка реєстрації, зона отримання багажу, інформаційна стійка (довідкове бюро), засоби телекомунікацій, пошта, сісти на літак, магазин безмитної торгівлі, сувенірний магазин, медпункт, дитяча кімната, камера схову, багажна шапка (сейф), бюро знахідок, дорожній чек, грошовий переказ, зал аеровокзалу, безпроводний Інтернет, пропонувати ділові послуги, безалкогольні напої.

Exercise 41. Answer the questions.

1. What does terminal building of the airport provide passengers with? 2. What can passengers do in the terminals? 3. What is situated in the terminals? 4. What banking services are provided at the airport? 5. How do all airports ensure better convenience and comforts for airline passengers? 6. What may passengers also find at lounges? 7. What do some airport structures include?

Exercise 42. Complete the sentences using words from the box.

dentist's	hairdresser's	florist's	barber's
doctor's	baker's	butcher's	chemist's
grocer's	greengrocer's		

1. I go to the ... to have dental treatment and keep my smile healthy and sparkling. 2. At ... people can have their hair cut, washed and arranged. 3. At ... you can buy fresh-cut flowers and potted plants. 4. Men can have their hair cut at the 5. Alice is at the She is sneezing, coughing and has a high temperature. 6. ... is a shop in which bread (and often other baked goods such as cakes) is baked and/or sold. 7. Some butchers sell their goods in specialized store, commonly termed a 8. He went to the ... to buy analgesics, heart care medicines and antibiotics. 9. Paul bought spices, pepper, sugar, cocoa, tea and coffee at the 10. At our ... you can buy different fruits and vegetables that may help you to eat less high-fat foods, such as meat, cheese and snack foods.

Exercise 43. Translate the sentences into English.

1. Сучасні міжнародні аеропорти обслуговують велику кількість пасажирів, надаючи їм різні види послуг. 2. Кожен аеропорт має термінали та зали очікування, де пасажирів можуть відпочити, а також придбати все необхідне. 3. Для забезпечення зручності і комфорту у міжнародних аеропортах функціонують магазини безмитної торгівлі, аптеки, газетні кіоски, подарункові магазини, перукарні, камери схову, дитячі кімнати тощо. 4. Деякі сучасні аеропорти мають власні готелі, що побудовані на території терміналів або при них. 5. Стійкі реєстрації пасажирів, білетні каси, інформаційне табло, засоби телекомунікацій та інформаційне бюро – невід’ємні складові пасажирського терміналу. 6. Безпроводний Інтернет дає можливість відвідувачам аеропорту залишатися на зв’язку з рідною домівкою та офісом. 7. Послуги банку, що знаходиться на території аеропорту, включають обмін іноземної валюти, видачу готівки за кредитною картою, грошові перекази та зняття грошей через банкомат.

Exercise 44. Learn the following words and word combinations.

check-in desk	- стійка реєстрації пасажирів
departures board	- табло вильоту
shuttle bus	- автобус - шатл
staffer	- співробітник
via	- через
hand baggage	- ручна поклажа
scales	- ваги

interfere with something	- тут: мати доступ до чогось
aisle seat	- сидіння біля проходу
check through	- пересилати
belt	- стрічка конвеєру
customs	- митниця
confiscate something	- конфіскувати, вилучити
sole	- підшва
board (a flight)	- запросити пасажирів піднятися на борт літака
here you are	- ось, будь ласка

Exercise 45. Read, translate and practise the dialogues.

Dialogue 1 **Looking for the check-in desk**

Sabine: Excuse me. Do you know where the BA (British Airways) check-in desk for international flights is?

Traveller: I'm not sure. Have you checked the departures board? They usually give the number of the check-in desk for each flight.

Sabine: Yes, I checked the monitor over there, but my flight isn't even listed.

Traveller: Oh, then you're probably in the wrong terminal. You probably want Terminal 3.

Sabine: Oh, right! That explains it, thanks!

Dialogue 2 **At the information desk**

Sabine: Hi. I'm looking for Terminal 3.

Information staffer: International departures?

Sabine: Yes. I'm flying to Los Angeles.

Information staffer: Well, to get to Terminal 3, you can either turn left and follow the green signs, or take the shuttle bus, which stops outside the doors behind you.

Sabine: Thanks!

Dialogue 3 **At the check-in desk**

Airline agent: Good morning. Where are you flying to?

Sabine: Los Angeles via Washington Dulles. Here's my ticket and passport.

Agent: Thanks. Do you have any bags to check in?

Sabine: Just the one suitcase.

Agent: Thank you. And may I see your hand baggage, too? Oh, if you could just put it on the scales, too... Good, that's fine. Now I have some questions to ask you: Have you packed the bags yourself?

Sabine: Yes.

Agent: Has anyone given you anything to take with you?

Sabine: No.

Agent: Could anyone have interfered with your bags since you packed them?

Sabine: No. I've had them with me the whole time.

Agent: Very good. Would you like a window or an aisle seat?

Sabine: Window, please.

Agent: All right. Here's your ticket. Your bag is checked through to LA, but you'll have to pick it up at Dulles to go through customs.

Sabine: Thanks, I know.

Agent: Good. You're at gate 27. Boarding time is at 11.

Sabine: Thank you.

Dialogue 4 **At the security check**

Security officer 1: Just place your bag on the belt. And put any keys, coins and your mobile phone in this tray. Have you got a laptop?

Sabine: Yes.

Officer 1: Please take it out of the bag and put it in here. ... OK. Go on through.

Officer 2: Could you raise your arms, please? ... Turn around, please. Now lift your foot so that I can see the sole — and now the other one. That's fine.

Officer 3: Is this your bag, madam?

Sabine: Yes.

Officer 3: I'll need to look inside.

Sabine: Please go ahead.

Officer 3: Did you know you had nail scissors in this pocket?

Sabine: Oh, no, I didn't realize that. I'm sorry.

Officer 3: I'm afraid I'm going to have to confiscate them.

Sabine: I understand. Sorry about that.

Dialogue 5 **At the gate**

Boarding agent: We are now ready to board flight 176 to Washington Dulles. We are starting with rows 50 to 69. To make the boarding process go smoothly, please wait until your row is called and have your boarding pass ready and passport open to the picture page.

Sabine: Here you are.

Boarding agent: Thank you. Have a good flight.

Exercise 46. Learn the following words and word combinations.

baggage allowance	- норма перевезення багажу
detach	- відривати
be subject	- підлягати, підкорятися
be valid	- бути дійсним
cancel the order	- анулювати замовлення
cargo compartment	- багажний відсік
check-in	- реєстрація
check in time	- час реєстрації
change of flight	- пересадка, зміна рейсу
confirm	- підтверджувати
compressed gases	- стиснуті гази
corrosive materials	- їдкі речовини
departure	- відправлення
scheduled departure	- час відправлення за розкладом
destination	- місце призначення
flight number	- номер рейсу
magnetized materials	- намагнічені матеріали
make a reservation	- бронювати квиток
oxidizing materials	- окислювачі
poisons	- отрути
stick	- приклеювати
stipulate	- зумовлювати, ставити умовою
stopover	- зупинка
tag	- прикріпляти ярличок
tear-off	- відривний

receipt

-квитанція, розписка про одержання

Exercise 47. Read, translate and give the gist of text 6.

Text 7 . Ticketing

An airline ticket is a receipt for transportation that has been paid for in advance by the passenger. The ticket presents a booklet with tear-off coupons of different colours. On the front cover of the ticket there are the airline's flag, its address and complete name of the ticket. The booklet contains "Conditions of Contract", "Advice of international passengers on limitation of liability", "Notice of baggage liability limitations" and other information concerning baggage allowance and dangerous articles in baggage. There is also indication of town terminal address and the time of check-in at the airport. There are also lists of articles-allowed to be carried free and restricted to carriage.

These are followed by the tear-off coupons of three colours. "Audit Coupon" which is of green colour serves for verification of correctness of application of fares and for control purposes.

"Agent Coupon" is pink. This is a document to be retained by selling office. Upon completion it is detached. "Flight coupons" are yellow. There may be from 1 to 4 such coupons in a ticket depending on the number of transfers. At every point of departure one flight coupon is to be detached from the ticket.

The ticket agent first has to fill in the passenger's name. An airline ticket is non-transferable; it cannot be used by any person other than the one whose name appears on the ticket. The ticket issued at the normal fare is valid for one year as of the date of commencement of flight. If no portion of the ticket is used then it is valid for one year as of the date of issue. A ticket issued at other than the normal fare is valid for the indicated period only and is subject to the conditions of the fare applicability, stipulated on the ticket.

There is also space on the ticket to indicate where the trip starts and what the type of service is, first class or economy. The code F, for first class, or Y, for economy, is used on the ticket. The agent must also indicate the baggage allowance, the airline or the carrier, the flight number and the time of departure. Finally, the "reservations status" must be indicated. This shows whether the seat has been confirmed (OK) or only requested (RQ).

At the day of your journey you have to present yourself at the

airport desk one hour and 30 minutes, or one hour at least prior to scheduled departure. If you fail to arrive at the check-in in due time, you will not be accepted for transportation on the flight for which you have reserved a seat. Please, inform the officer at the check-in desk about your destination and present your airline ticket. If your route includes several stopovers or a change of flight, kindly indicate the final destination to which your baggage should be tagged.

Before check-in of your baggage, the old tags should be removed from it, otherwise it could be sent to a wrong destination. Carefully fill in address labels and stick them on your baggage, which will be carried in the cargo compartment.

For safety reasons, dangerous articles must not be carried in passengers' baggage. These regulations apply to compressed gases, corrosive materials, explosives, munitions, weapons, easily flammable materials, oxidizing materials, magnetized materials, radioactive materials, poisons, infectious substances. Small arms, ammunition, dry ice may be carried in limited quantities under certain conditions.

Exercise 48. Translate into Ukrainian:

to present tear-off coupons of different colours; to contain information concerning baggage allowance and dangerous articles in baggage; to serve for verification of correctness of application; to depend on the number of transfers; to be non-transferable; to be valid for one year as of the date of commencement of flight; to be valid as of the date of issue; to be valid for the indicated period only; to be subject to the conditions of the fare applicability; to arrive at the check-in in due time; to reserve a seat; to confirm the seat; to include several stopovers or a change of flight; to remove the old tags from your (the) baggage; to be carried in the cargo compartment.

Exercise 49. Name the following definitions:

a written or printed piece of card or paper that gives the holder a certain right to travel by plane; the transporting of goods from one place to another; a place where one checks in at an airport before a flight; the action of departing, going away; the final place to which somebody/something is going or being sent; the state of being required to do something or accept responsibility for something; a short stay somewhere between parts of a journey; an act of changing to a different place,

vehicle and route during a journey; a label or device attached to somebody/ something to identify it; money, charged for a journey by bus, ship, plane, etc.

Exercise 50. Are the following statements true or false?

1. An airline ticket is a receipt for transportation that has been paid for in advance by the passengers. 2. The number of flight coupons depends on the type of service. 3. An airline ticket is transferable, it can be used by any person. 4. The ticket issued at the normal fare is valid for one year as of the date of commencement of flight. 5. A passenger has to present himself at the airport desk 30 minutes prior to scheduled departure to be accepted for transportation on the flight. 6. Code "OK" shows that the seat has been confirmed. 7. Before the journey the old tags should be removed from the baggage. 8. Any passenger can carry weapons, munitions, explosives and compressed gases without restriction.

Exercise 51. Complete the following dialogue.

Passenger: Could you tell me what the fare to New York is?

Ticket agent:

P.: One way, please.

T.A.: The normal adult one-way economy fare is 8000 UAH.

P.:

T.A.: How old is your child?

P.: Ten.

T.A.: The charge for children under twelve is 10% of the adult fare.

P.: Then one-way adult ticket and for a child, please.

T.A.:

P.: Flight 723, Monday, the 9th of December.

T.A.: Let me see your passport, please.

P.:

T.A.: Wait a minute, please... Here you are.

P.: Thank you . And how long is my ticket valid?

T.A.:

P.: Thank you for information.

Exercise 52. Fill in the blanks with prepositions.

1. An airline ticket is a receipt for transportation that has been paid for in advance ... the passenger. 2. The ticket presents a booklet ... tear-off coupons ... different colours. 3. "Audit Coupon" serves ... verification of correctness of application of fare. 4. An airline ticket may contain from 1 to 4 "Flight coupons" depending ... the number of transfers. 4. ... every point of departure one flight coupon is to be detached ... the ticket. 5. The ticket issued ... the normal fare is valid ... one year from the date of issue. 6. ... the day of your journey you have to present yourself ... the airport desk one hour and 30 minutes prior ... scheduled departure. 7. If you fail to arrive at the check-in ... due time, you will not be accepted ... transportation on the flight.

Exercise 53. Put ten questions of different types on the text.

Exercise 54. Read, translate and give the gist of text 8.

Text 8. Fares and rates

There are two main categories of passenger fares on scheduled services, known as normal and special fares. Normal fares include first-class and economy or tourist-class fares. They are available to members of general public without restriction.

The level of normal fares tends to vary on a given route according to the season (peak, shoulder and off-peak) and may also vary by day of week or time (mid-week, weekend, combinations thereof or night travel).

Special fares (promotional or discount fares) are distinguished from normal fares in that there are such restrictions as geographic availability, to whom they may be sold, on the duration or time of the validity and on advance purchase requirements. A given special fare may combine one or more of these restrictions.

Examples of special fares are excursion fares, advance purchase, incentive, affinity and non-affinity group fares, individual and group inclusive tour fares, youth, family, military, pilgrim, local resident, student and teacher fares etc.

The most available of these special fares are excursion fares. They are generally restricted with respect to their validity in time.

Any special fare must be based on market research. It should be designed to fill empty seats on low density or hours in the day.

A similar distinction between normal and special categories can

be made with respect to cargo rates known as general cargo rates and specific commodity and class rates.

The general cargo rates are set at different levels according to the weight of the shipment. These rates frequently vary accordingly to the direction of shipment.

General cargo rates are constructed to carry general freight shipment while also providing an incentive to shipper through the incorporation of quantity discounts at higher weight break points.

In selecting representative freight rates it was not considered practical to select a rate from the special commodity rate category, which are extensive in number, or class rates which only cover a few items.

Specific commodity rates are designed to meet the need of shippers of bulk consignments of specific commodities. The special discounts are available on some routes to shippers using various types of standardized containers.

Exercise 55. Choose the correct words from those in the brackets and use its appropriate grammar form.

Market research, to combine, restriction, to distinguish, shipment, excursion, weight, to fill, low density, level, validity, category, respect

1. There are two main ... of passenger fares on scheduled services. 2. The fares are available to members of general public without 3. The ... of normal fares tends to vary. 4. Special fares are ... from normal fares. 5. A given special fare may ... one or two restrictions. 6. The most available of the special fares are ... fares. 7. The excursion fares are restricted with respect to their ... in time. 8. Any special fare must be based on 9. It should be designed to ... empty seat on ... days. 10. The general cargo rates are set at different levels according to the ... of the shipment. 11. A similar distinction between normal and special categories can be made with ... to cargo rates. 12. General cargo rates are constructed to carry general freight

Exercise 56. Give English equivalents.

Реструвати тарифи, заохочувальний тариф, гуртовий товар, подорожувати за півціни, підлягати знижкам, встановлювати тариф, тариф першого класу, тариф зі знижкою.

Exercise 57. Complete the sentences.

1. There are two main categories of passenger fares on scheduled services known as 2. The level of normal fares tends to vary on a given route according to.... 3. A distinction between normal and special categories can be made with respect to 4. Cargo rates frequently vary according to

Exercise 58. Answer the questions.

1. What are the two main categories of passenger fares? 2. What must special fares be based on? 3. What is the most available special fare? 4. What categories can we divide the cargo rates into?

Exercise 59. Match the following words with their equivalents.

- | | |
|-----------------------------|----------------------------------|
| 1. categories | a. заохочувальні тарифи |
| 2. passengers fares | b. попередня купівля |
| 3. scheduled services | c. географічна доступність |
| 4. normal fares | d. дні з невеликим завантаженням |
| 5. special fares | e. місцевий житель |
| 6. first-class fares | f. повний тариф |
| 7. economy class fares | g. маршрут |
| 8. to be subject to | h. підлягати |
| 9. restrictions | i. тарифи зі знижкою |
| 10. promotional fares | j. пасажирські тарифи |
| 11. discount fares | k. задовольняти потреби |
| 12. local resident | l. спеціальні тарифи |
| 13. advance purchase | m. дослідження ринку |
| 14. pilgrim | n. тарифи економічного класу |
| 15. validity | o. обмеження |
| 16. geographic availability | p. категорії |
| 17. market research | q. контейнер |
| 18. to design | r. паломник |
| 19. low density days | s. тарифи без знижок |
| 20. cargo rates | t. вантажні тарифи |
| 21. general cargo rates | u. молодіжний тариф |
| 22. adult fare | v. загальний вантажний тариф |
| 23. to meet the needs | w. обслуговування за розкладом |
| 24. container | x. тариф першого класу |
| 25. youth fare | y. розробляти |

26. route

z. придатність

Exercise 60. Learn the following words and word combinations.

freight	- вантаж
label	- наклеювати ярлик
point of origin	- пункт відправлення
point of destination	- пункт призначення
door to door	- «від дверей до дверей»
shipment	- вантаж, партія вантажу, вантажне перевезення
forwarding agency	- агентство з експедирування вантажів
personal effects	- особисті речі, особисте майно
shipper	- відправник вантажу
freight agent	- агент з фрахтових операцій
reservation agent	- агент з бронювання квитків
assign	- призначати
arrange for the pickup	- домовлятися про отримання вантажу від вантажовідправника
air waybill	- авіа накладна на вантаж
book the shipment	- забронювати вантажне перевезення
strayed shipment	- вантаж, що заблукав
baggage compartment	- багажний відсік
cargo	- вантаж
charges	- витрати
cubic inches	- кубічні дюйми
volume allowance	- норма розмірів вантажу
rate	- вантажний тариф
payment on delivery	- оплата після доставки
fare	- пасажирський тариф
customs broker	- митний брокер
consignee	- вантажоотримувач

Exercise 61. Read, translate and give the gist of text 9.

Text 9. Air freighting

The movement of freight by air is more complicated than the movement of passengers by air. Every piece of freight has to be carefully labeled and transported from place to place – not just from airport to airport but also from point of origin to point of destination –

door to door, to use a common expression. In addition, there are more government regulations, and usually more complicated ones, for international shipment of freight than for passengers.

A large proportion of air freight shipments are handled by freight forwarding agencies. They take care of making all the necessary arrangements so that the customer is not bothered with the details. Many shipments are also made by companies or government offices, that do so much shipping that they are experienced in all the procedures.

Only a relatively small number of shipments originate with the general public or with companies that do not make a regular practice of shipping by air. Many shipments from the general public consist of *personal effects* – personal belongings of the shipper which are usually shipped because the customer has been transferred to a new job or is making an extended stay in a different area.

Like the reservations agent, the air freight agent does most of his work by telephone. The air freight agent assigns an *air waybill number* to the shipment. Then he arranges for the pickup of the shipment from the customer. He can also book the shipment on whatever flights are necessary. When the shipment is received by the airline, each piece is marked with the air waybill number for identification.

In addition to the routine of arranging for pickup and delivery, booking the shipments on flights, and filling out air waybills, the freight agent is also involved in such problems as tracing lost or strayed shipments and dealing with claims on damaged shipments. He must also be acquainted with the special services that his airline offers, such as containerized service, in which the airline provides the shipper with special containers.

The most important document in the shipping of air freight is the air waybill. It might well be described as the ticket on which the freight travels. The air waybill is a complicated document, much more complicated than a passenger ticket. There are usually as many as twelve copies of each air waybill. Copies go to the shipper, the consignee, and each airline on which the freight travels. The air waybill shows the value of the shipment, the charges, the insurance, the flights on which the freight is being shipped, and a great deal of other information.

Air freight is carried either in the baggage compartment of regular passenger flights or by freight flights on planes that have been especially designed or adapted for carrying cargo.

The charges on air freight are determined either by weight or weight plus volume – that is, by the size of the pieces in the shipment. Generally, a certain number of cubic inches is considered the equivalent of a pound of weight. On international shipments, the shipper is at present allowed 194 cubic inches for each pound. If he exceeds the volume allowance, he pays a higher rate.

With passengers, the fare for the flight is almost always paid in advance. Even when a passenger uses a credit card, his fare is legally prepaid since the credit card company is assuming the responsibility for payment. With freight, however, the airline can also accept payment on delivery; this is probably customary with large, frequent shippers. The member of the general public who was shipping personal effects would probably be asked to prepay. In regard to international shipments, however, some countries do not permit any shipments except those that have been prepaid, no matter who the shipper is.

With a member of the public, the agent is probably unable to assign an air waybill number, ascertain the charges, or book the shipment on specific flights until the shipment had been received by the airline, when it is weighed and checked to see if it was adequately packed.

In addition to the freight forwarding agencies, the shipping business has also given rise to another occupation, the *customs broker*. The customs broker gives assistance to international shippers both in getting the necessary documentation for outgoing shipments and in getting incoming shipments through customs formalities. In almost all countries, incoming freight must go through customs, just like an arriving passenger, before it can be released to the consignee – the person or company receiving the shipment. Freight usually must be opened and inspected in the presence of the consignee or someone who represents him. This is one of the jobs that a customs broker can perform.

Air freight, like chartering, will probably make up a larger share of the total airline business in the future. The airlines generally make a larger profit carrying freight than they do carrying passengers,

a fact which guarantees the growth of air freight services.

Exercise 62. Answer the questions.

1. What makes the movement of freight by air more complicated than the movement of passengers by air? 2. What organizations usually handle air freight? 3. What is the air freight agent responsible for? What are his routine activities? 4. What is an air waybill? 5. What does an air waybill show? 6. How are charges on air freight determined? 7. How are air freight services paid for? 8. What are the duties of a customs broker?

Exercise 63. Give Ukrainian equivalents:

international shipment, piece of freight, personal effects, freight agent, containerized service, to give assistance, movement, fare, rate, value of the shipment, to handle, general public, air waybill, to book the shipment, fill out an air waybill, outgoing shipments.

Exercise 64. Find English equivalents:

перевезення вантажу, пункт відправлення, державні постанови, вантажовідправник, призначати номер авіа накладній на вантаж, займатися скаргами з приводу пошкодження вантажу, страхування, перевозити, норма розмірів вантажу, знаходити вантаж, що заблукав.

Exercise 65. Match the terms with their definitions.

- | | |
|-------------------|--|
| 1. air freight | a) a person, agent, organization, etc., to which merchandise is consigned. |
| 2. shipment | b) the amount of a charge or payment expressed as a percentage of some other amount, or as a basis of calculation. |
| 3. consignee | c) goods that are carried by ship, train, or aircraft, and the system of moving these goods. |
| 4. customs broker | d) document made out by a consigner of goods to facilitate delivery of the goods to the consignee giving the name of the consignor and the loading airport, the consignee and the airport of destination, a description of the |

- goods, the value of the goods, and the marks, number, and dimensions of the packages.
5. freight forwarding agency e) an agent who handles customs and other government formalities on freight shipment
6. air waybill f) a commercial agency that makes all arrangements for the shipment of freight either by air or surface.
7. rate g) freight transported by aircraft; movement of freight by air.

Exercise 66. Make the following sentences passive.

1. The air freight agent assigns an air waybill number to the shipment. 2. The air waybill shows the value of the shipment, the charges, the insurance and a great deal of other information. 3. With freight the airline can accept payment on delivery. 4. The customs broker gives assistance to international shippers both in getting the necessary documentation for outgoing shipments and in getting incoming shipments through customs formalities. 5. A customs broker opens and inspects freight in the presence of the consignee or someone who represents him. 6. The airlines generally make a larger profit carrying freight than they do carrying passengers.

Exercise 67. Translate into English.

1. Під час повітряного вантажного перевезення на кожну одиницю вантажу ретельно наклеюється ярлик і вантаж перевозиться з пункту відправлення до пункту призначення. 2. Більша частина повітряних вантажних перевезень обслуговується агентствами з експедирування вантажів. 3. Агент з фрахтових операцій відстежує загублені вантажі або вантажі, що заблукали, і має справу з скаргами про пошкоджений вантаж. 4. Коли авіакомпанія отримує вантаж, кожна його партія маркується номером, записаним в авіанакладній. 5. Витрати на вантажні перевезення визначаються за вагою або вагою з об'ємом, тобто за розміром одиниць вантажу. 6. Митний брокер надає допомогає міжнародним вантажовідправникам, забезпечуючи необхідною документацією для вихідних вантажів, та митні процедури для

вхідних вантажів. 7. В авіанакладній вказується вартість вантажу, витрати, страхування, рейси та інше.

Exercise 68. Read, translate and give the gist of text 10.

Text 10. Cargo transportation

Aviation is in need in many spheres of national economy. It is widely used not only for passenger and cargo transportation but also in agriculture, industrial projects, ambulance and rescue operations etc.

Cargo transportation is carried out both by passenger and cargo aircraft.

Building materials, pipes, equipment, cars, consumer goods, metalwork, machine tools and foodstuff- all these are delivered with guaranteed safety and always on time on board of cargo planes, which can carry both bulky and containerized cargoes

Airlines want to be linked with the large network of agents, forwarders, shippers, banks, customs office and other segments of the cargo community. The computerized cargo system enables them not only be linked with each other but also have direct entry to such data bank.

It performs 2 functions. The first is networking, which allows users to communicate. This system takes incoming calls & sends them out to the proper office as well. It translates the incoming message into the appropriate language for transmittal. The second is the data bank, or information library, which provides users with rates, routings, customs, requirements tracking, and hazardous cargo requirements.

Among benefits are the following:

- > increased cargo income through better interline invoicing;
- > reduction in staff;
- > reduced operative and maintenance costs ;
- > better use of aircraft capacity;
- > better yield with yield management;
- > increased share in the handling of small cargo;

To occupy a definite position on a market place air carriers (operators) provide customers with different services. For example, KLM Cargo carries out PDS (Publication Distribution Services), Lufthansa GCS (German Cargo Services) specializes in the carriage of livestock. There is a charter helicopter cargo service to deliver documents and printed

matters to institutions in New York metropolitan area.

Speaking about cargo transportation we cannot but mention documents which accompany cargo. They are Cargo Manifest, Air Waybill, Load Sheet, Air; Cargo Cornet, Proforma Invoice etc.

A few words should be said about airports, where charging and discharging of cargo is carried out.

It is commonly known that an airport is a very expensive thing to run and the administration has to take care that it is used if not 24 hours a day, then at least 18 or 20 and that is very hard to achieve purely with cargo. So, airports that provide both passenger and cargo facilities really do offer carriers the best of both worlds.

The best example of all cargo airports can be Dubai Airport. It is equipped with warehouses and docks for import/export, perishable cargoes. There are racks for small, medium and large warehouse pallets. Warehouse employees deliver items to and from the racks using elevating transfer vehicles, transfer vehicles forklifts and conveyor belts. Such airports will provide carriers with maximum support.

Air cargo is a major source of business and one of the main determinants of profitability for airlines that manage it effectively.

Exercise 69 . Match Ukrainian and English equivalents.

- | | |
|-----------------------------------|------------------------|
| 1. комп'ютеризована система | a) shipment |
| 2. насипний/наливний вантаж | b) warehouse |
| 3. партія товару | c) bulk consignment |
| 4. швидкопсувний продукт | d) customs |
| 5. продукти харчування | e) computerized system |
| 6. вантажоперевізник | f) aircraft capacity |
| 7. складське приміщення | g) vehicle |
| 8. митниця | h) perishable product |
| 9. пропускна спроможність літаків | i) forwarder |
| 10. транспортний засіб | j) foodstuff |

Exercise 70. Match English and Ukrainian equivalents.

- | | |
|--------------|--------------|
| 1. rack | a) піддон |
| 2. livestock | b) контейнер |
| 3. pallet | c) вертоліт |

- | | |
|-----------------------|---------------------------------|
| 4. profitability | d) експлуатаційні витрати |
| 5. helicopter | e) крупна рогата худоба |
| 6. charge-discharge | f) завантажувати-розвантажувати |
| 7. invoice | g) керувати аеропортом |
| 8. to run an airport | h) рахунок-фактура |
| 9. container | i) полиця |
| 10. maintenance costs | j) прибутковість |

Exercise 71. Give the right terms to the following definitions.

1. A person or organization whose business is to carry or transport something. Railroads, trucking companies and shipping lines are _____. 2. The goods or merchandise carried by a ship, plane, or vehicle are called _____. 3. A box, can, jar, or the like that contains or holds something is called _____. 4. The act of shipping goods. Something shipped is known as _____. 5. A mechanical device for transporting objects over relatively short distances, usually designed as moving, continuous belt or a series of rollers is called _____.

Exercise 72. Choose the correct form of the verb

1. Aviation ... not only for passenger and cargo transportation (use). 2. Cargo ... on board of cargo planes (deliver). 3. Charging and discharging of cargo ... in the airports (carry out). 4. Operators ... customers with different services (provide). 5. Airports ... with warehouses, racks and docks for import/export perishable cargo (equip). 6. GCS ... in the carriage of livestock since 1980 (specialize). 7. Helicopters deliver shipments in minutes instead of the hours it ... via crowded roads (take).

Exercise 73. Use the words to complete these sentences.

International trade finance documents

Commercial Invoice, Insurance Certificate, Certificate of Inspection, Phytosanitary Certificate, Single Administrative Document, Certificate of origin, Health Certificate, Proforma Invoice, Bill of Lading, Veterinary Certificate, Export License, Forwarder's Certificate of Receipt.

1.A document issued by the shipping company to the shipper which acknowledges that the goods have been received for shipment... .
2.It gives details of goods, vessel and port of destination 3. This document is a signed statement providing information about where the goods come from 4.A document sent by the seller to the buyer, which includes details about the goods, i.e. quantity, weight, number of packages, shipment, price, terms of delivery and payment 5. This document contains a description of the goods and details of the claim procedures in case the goods are lost or damaged in transit 6. This document is required if animals are being transported and is a declaration that they are in a good health 7. This document is often used for technical equipment and confirms that the goods follow the client's requirements 8.This document is required when food stuffs are transported and confirms that the goods follow Standard Hygiene Codes and are fresh9.This document issued for the free movement of goods within EU countries ... 10.A document which serves as an example or estimate of the cost of goods or services and does not require payment 11.A license which enables the exporter to carry out trade 12. A receipt for goods issued by forwarding agent to an exporter

