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A. Sätgeldiýewa, G. Hallyýew

ENGLISH FOR ECONOMISTS

Ýokary okuw mekdepleri üçin okuw kitaby

Türkmenistanyň Bilim ministrligi
tarapyndan hödürlenildi

Aşgabat
Türkmen döwlet neşirýat gullugy
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S 41 **English for Economists**. Ýokary okuw mekdepleri üçin okuw kitaby. – A.: Türkmen döwlet neşirýat gullugy, 2026.

«English for Economists» atly okuw kitaby ykdysadyýeti öwrenýän talyplara niýetlenip, ondan bu ugurda zähmet çekýän mugallymlar we ykdysatçy hünärmenler hem peýdalanyp bilerler. Kitap on üç bölümden ybarat bolup, her täze bölüm söz baýlygyny ösdürmäge degişli ýumuşlary özünde jemleýär. Okuw kitabynda berilýän ykdysady adalgalar we düşünjeler häzirki zaman ykdysadyýetine degişli ýumuşlar bilen berkidilýär.

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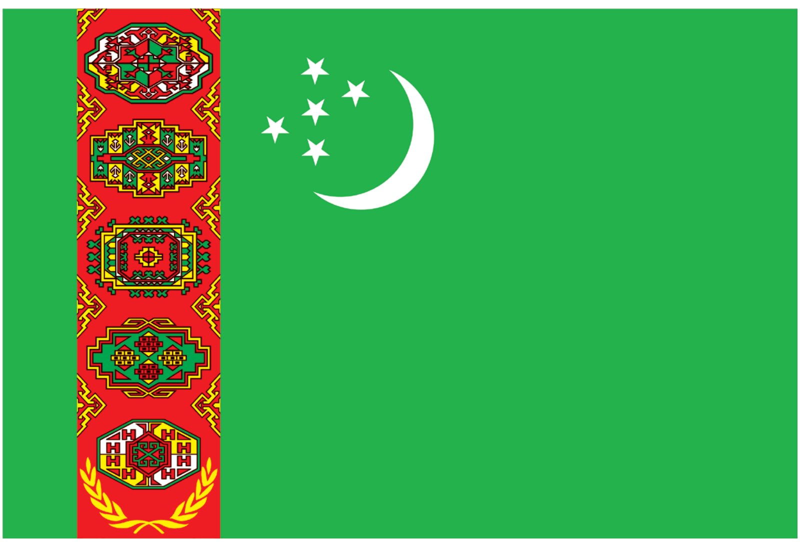
**TÜRKMENISTANYŇ PREZIDENTI
SERDAR BERDIMUHAMEDOW**

TÜRKMENISTANYŇ DÖWLET TUGRASY



TÜRKMENISTANYŇ DÖWLET BAÝDAGY

TÜRKMENISTANYŇ DÖWLET SENASY

Janym gurban saňa, erkana ýurdum,
Mert pederleň ruhy bardyr köňülde.
Bitarap, garaşsyz topragyň nurdur,
Baýdagyň belentdir dünýäň öňünde.

Gaýtalama:

Halkyň guran Baky beýik binasy,
Berkarar döwletim, jigerim-janym.
Başlaryň täji sen, diller senasy,
Dünýä dursun, sen dur, Türkmenistanym!

Gardaşdyr tireler, amandyr iller,
Owal-ahyr birdir biziň ganymyz.
Harasatlar almaz, syndyrmaz siller,
Nesiller döş gerip gorar şanymyz.

Gaýtalama:

Halkyň guran Baky beýik binasy,
Berkarar döwletim, jigerim-janym.
Başlaryň täji sen, diller senasy,
Dünýä dursun, sen dur, Türkmenistanym!

PREFACE

"English for Economists" is designed mainly to meet the needs of students of economic faculties and all those who are interested in studying business and the basics of economics in English. The aim of the book is to help learners enrich their economic culture.

This book comprises 13 units. Each unit includes the vocabulary exercises. The texts are presented in a comprehensible form. They are followed by numerous exercises that give students the opportunity to test their understanding and put newly acquired vocabulary into active use. The modern methods such as simulation, role play, and case studies are designed to provide students that an interesting and lively way of learning different economic topics in English and while developing their critical thinking skill. The book includes exercises for individual work, encouraging students to study more deeply the topics they are inerested in. We hope that this book will be a useful resource for student's career education. It should help them master English for Specific Purposes and use it in their future profession.

UNIT 1
THE ECONOMY

Focus on the topic

1. Work with a partner. Discuss these three questions.

1. How important is economics?
2. What are the biggest economic problems in the world?
3. What is the effect of economics on society?

Pre-Reading Activity

2. Vocabulary Preview: Provide students with key terms from the text and their meanings.

1. The Economy: the system of production, distribution, and consumption of goods and services within a society or region.

2. Economic Agents: individuals, businesses, or organizations that make decisions about production, consumption, and the allocation of resources in an economy.

3. Consume: the act of using goods and services to satisfy needs and wants.

4. Economic Transactions: exchanges of goods, services, or resources between economic agents, often involving money as a medium of exchange.

5. A Primitive: refers to something basic, original, or early in development, often describing early economic systems or tools.

6. A Barter System: an economic system where goods and services are exchanged directly for other goods and services without the use of money.

7. Invention: the creation of a new device, process, or idea that serves a specific purpose or solves a problem.

8. Relies On: depends on something as a necessary support or foundation.

9. Surface: the outermost layer of something, often used metaphorically to refer to visible aspects of a situation or concept.

10. The Market Economy: an economic system where production and prices are determined by unrestricted competition between privately owned businesses, guided by supply and demand.

11. Supply and Demand: economic principles that describe how the quantity of a product available (supply) and the desire of buyers for it (demand) affect its price.

12. The Command Economy: an economic system where the government controls the production, distribution, and allocation of resources and goods.

13. Aspects: different features, parts, or components of a whole.

14. Distributes: the process of allocating goods and services to different individuals, regions, or sectors.

15. Steered: guided or directed, often used to describe the control of economic activities or policies.

16. Figure Out: To understand, solve, or determine something through thought or investigation.

17. Subsidy: financial assistance provided by a government to support or promote specific economic activities or industries.

18. Tariffs: taxes imposed on imported goods and services, typically used to protect domestic industries or generate revenue.

Brainstorming Activity

3. Ask students to discuss the following questions in pairs or small groups:

1. What do you think an economy is?
2. How do you think people exchanged goods and services before money was invented?
3. What role do you think the government plays in a country's economy?

4. Prediction Task. Provide the title of the text, "The Economy", and ask students to predict what topics might be discussed. Write their ideas on the board to revisit after reading.

5. True or False Pre-Quiz. Create statements based on the text. Students guess if they're true or false before reading, then confirm their answers afterward.

1. A barter system relies on the use of money.
2. A market economy is based on supply and demand.
3. Governments cannot influence economies.

6. Discussion of Prior Knowledge. Prompt students to share their understanding of these concepts.

1. Different types of economies (e.g., market, command).
2. The role of money in society.
3. Ways governments support businesses or industries.

7. Visual Aid Interpretation.

Provide a simple diagram comparing market, command, and mixed economies. Ask students to guess the characteristics of each before reading the text.

8. Purpose Setting. Ask students.

1. Why do you think it's important to understand the economy?
2. How do you think the economy affects your daily life?
3. These exercises will help activate background knowledge, build curiosity, and prepare students for a deeper understanding of the text.

9. Read the text and see if any of your ideas from the discussion you had mentioned.

The Economy

The **economy**, translating roughly from the Greek "household management", is a broad term which covers all the operations and aspects of society which deal with production and consumption in individual countries, and in the world at large.

It relies on the idea that people are "**economic agents**", or creatures which create and **consume** products and resources via **"economic transactions"**, or exchanges of money for goods and services. It's a very difficult term to imagine because it also considers culture, the environment, the political structure of a given country, and technological innovations.

Economies have existed since the beginning of human history, in a **primitive** form. The earliest form of economy is a barter system.

A **barter system** is where people trade goods without using money. However, this system is inefficient, and was primarily used in ancient times before the **invention** of money. It can also be used by friends today. Using money is much more efficient, as it doesn't rely on both people in the "transaction" to need each other's goods like barter does. Money can be anything, but has historically used metals like gold and silver, and now **relies on** public trust.

The exchange of goods for money is just the **surface** of an economy, which includes all actions by everyone in the country which either create or consume anything, as well as all a nation's natural resources, whether they're being used or not. There are different economies which operate differently.

The **market economy** is one in which people buy and sell things in accordance with **supply and demand**, a theory which states that the more of something there is, the less it costs, and vice versa. In this economy, freedom of the "market", or all the "economic actors", to do business is most important.

The **command economy** is one in which the government controls all **aspects** of work by its citizens, including the creation of goods, how and to whom they're sold, and the prices of the goods. Basically, the government owns all jobs, and **distributes** them to citizens. The citizens produce goods, which are then also redistributed by the government. This type of economy has proven historically to be much less efficient than the market economy.

The middle ground is a market economy which is **steered** by a government, and is the most common form in the world. In this middle ground, economists work with to **figure out** how to best "stimulate" an economy to grow. The government can grant a **"subsidy"** to a certain group of people in one industry, which can allow those people to keep their products cheap for consumers.

The government can issue **tariffs** – which are taxes on foreign goods, which make them more expensive than local goods.

Through all these means, governments can affect the market economy. The ideal is to keep local goods cheap (but not too cheap), to keep as many people employed as possible.

Post-Reading Activity

10. Match 1-10 to a- j. Then look in the text to check your answers.

1) consume	a) to understand or solve something
2) primitive	b) to trust or believe (someone or something)
3) invention	c) use it up
4) rely on	d) money that is paid by a government or other authority in order to help an industry or business
[redacted]	e) guide
6) aspect	f) hand or deliver things to a number of people
7) distribute	g) live in a very simple way, usually without industries or a writing system
8) steer	h) the flat top part of something or the outside of it
9) figure out	i) one of the parts of its character or nature
10) subsidy	j) inventing something that has never been made or send before

11. Complete below sentences.

1. More than eight million books were printed within fifty years after the ________________ of the printing press.
2. Climate and weather affect every _____________ of our lives.
3. _______________ humans needed to be able to react like this to escape from dangerous animals.
4. Ozone forms a protective layer between 12 and 30 miles above the Earth's ____________.
5. Some of the most efficient refrigerators ______________ 70 percent less electricity than traditional models.
6. I'd like to _______________ our discussion back to our original topic.
7. They ______________ a well for all their water.
8. It took them about one month to ______________ how to start the equipment.
9. Thousands of soldiers are working to _______________ food and blankets to the refugees.
10. The company receives a heavy ____________ from the national government.

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12. Comprehension Questions:

1. What is the origin of the word “economy”?
2. Why is the barter system considered inefficient?
3. What is the main principle behind a market economy?
4. How does a command economy differ from a market economy?
5. What are subsidies and tariffs, and how do they influence an economy?

13. True or False Review. Students revisit the pre-reading true/false quiz to correct any misconceptions.

1. A market economy operates based on supply and demand. (True)
2. The government has no role in a mixed economy. (False)

14. Match terms to their definitions.

1) barter system	a) economy based on supply and demand
2) market economy:	b) financial aid to reduce the cost of goods
3) command economy	c) tax on imported goods
4) subsidy	d) economy controlled by the government
5) tariff	e) trading goods without money
6) a primitive	f) the process of allocating goods and services to different individuals, regions, or sectors
7) distributes	g) refers to something basic, original, or early in development, often describing early economic systems or tools

15. Discussion Questions.

1. How do you think culture and the environment influence an economy?
2. Can you think of examples of subsidies or tariffs in your country?
3. Which type of economy do you think is the most effective? Why?

16. Compare and Contrast. Have students create a Venn diagram comparing a market economy and a command economy. Include similarities and differences (e.g., government control, role of supply and demand).

17. Critical Thinking.

1. Imagine you are an economist advising a country transitioning from a command economy to a market economy. What advice would you give?
2. Do you think governments should always intervene in economies? Why or why not?

18. Fill-in-the-Blank. Create sentences with missing words for students to complete using vocabulary from the text.

1. A ________ is when goods are exchanged without money.
2. ________ are taxes on foreign goods to make them more expensive.

19. Writing Activity.

1. Write a short essay explaining how the economy impacts daily life.
2. Write a paragraph describing what type of economy you think would be ideal for a country and why.

20. Role Play.

Students act out scenarios involving different economies, such as bartering in a marketplace, a government official setting prices in a command economy, or a discussion on implementing a subsidy in a mixed economy.

21. Reflection. Ask students to reflect on the following:

1. What new information did you learn from the text?
2. How has your understanding of economies changed after reading?
3. What questions do you still have about economies?
4. These activities encourage comprehension, critical thinking, and application of the concepts learned in the text.

A Closer Look

22. Walk around the auditorium and talk to other students about the economy.

1. What are things that improve the economy?
2. What are characteristics of a strong economy? A weak economy?
3. What are some examples of historical events that have changed the economy?

23. Look back at the text to answer the following questions:

1. Which of the following best defines economy?
   A: The money people spend
   B: The goods people produce
   C: All national resources both used and unused
   D: All the above

2. Which of the following best defines barter?
   A: The use of money
   B: Trade of goods without the use of money
   C: A hybrid system which uses money sometimes
   D: A system of credit

3. Which of the following can best describe money?
   A: Gold
   B: Silver
   C: Anything agreed – upon by society and governments
   D: All the above

4. How does a market economy work?
   A: People conduct economic transactions freely
   B: The government controls all economic transactions
   C: Economic transactions are secondary to environmental concerns
   D: None of the above

5. How does a command economy work?
   A: People conduct economic transactions freely
   B: The government controls all economic transactions
   C: Economic transactions are secondary to environmental concerns
   D: None of the above

Language Spot

Present Simple

Usage of Present Simple Tense

The Present Simple Tense is used to describe actions, events, or states that are regular, habitual, or generally true. Below are the main uses:

a) General Truths and Facts

To express facts or things that are always true.

Examples:

The sun rises in the east.

Water boils at 100°C.

b) Habits and Routines

To talk about actions that happen regularly, often with adverbs of frequency (e.g., always, usually, sometimes, never).

Examples: She drinks coffee every morning. We usually go for a walk after dinner.

c) Scheduled or Timetabled Events

To describe future events that are part of a fixed schedule or timetable (e.g., transportation, events, auditoriumes).

Examples: The train leaves at 8:00 a.m. The movie starts at 7 p.m.

d) Permanent States or Conditions

To express situations that are unchanging or permanent.

Examples: He works as a teacher. They live in Ashgabat.

e) Opinions, Feelings, and Mental States

To express thoughts, emotions, preferences, and mental states.

Examples: I think this is a great idea. She loves chocolate.

f) Instructions or Directions

To give instructions, directions, or recipes.

Examples: You turn left at the traffic light. Add two cups of sugar and stir well.

g) Headlines and Storytelling (for Dramatic Effect)

To describe events in news headlines or when recounting stories, often for dramatic effect.

Examples:

Man wins lottery and donates everything!

So, she walks into the room and sees him standing there.

h) With Stative Verbs

Some verbs (e.g., like, want, know, seem) are generally not used in continuous forms, even for temporary actions.

Examples: I know the answer. He seems tired.

Structure of Present Simple Tense

Affirmative:

Subject + base verb (+ s/es for third person singular)

1. I work.
2. She works.

Negative:

Subject + do/does not + base verb

1. I do not (don't) like coffee.
2. He does not (doesn't) play football.

Questions:

Do/Does + subject + base verb?

1. Do you speak English?
2. Does she live nearby?

Signal Words for Present Simple

Always, usually, often, sometimes, never

Every day/week/month/year

On Mondays/Tuesdays, etc.

In the morning/afternoon/evening

By understanding these usages, you can effectively communicate habits, facts, and routines using the Present Simple Tense.

Grammar Exercises

24. Fill-in-the-Blank Exercise. Complete the sentences with the correct form of the verb in the Present Simple Tense.

1. She _______ (go) to school every morning.
2. They _______ (not watch) TV on weekdays.
3. _______ (he/play) football on Saturdays?
4. I _______ (like) chocolate ice cream.
5. The train _______ (leave) at 8:30 a.m.

25. True or False Exercise. Read the sentences and mark them as True or False. If false, rewrite the sentence correctly.

1. The sun sets in the west.
2. My mother don't cook dinner every night.
3. We often play soccer on Sundays.
4. She speaks three languages fluently.
5. Water boils at 50°C.

26. Rewrite the Sentence Exercise. Rewrite the sentences in negative and interrogative forms.

1. He drinks coffee every morning.
   Negative: _______
   Interrogative: _______
2. They visit their grandparents on weekends.
   Negative: _______
   Interrogative: _______
3. She works in an office.
   Negative: _______
   Interrogative: _______

Speaking Point

Economy Me: You are an economy. Spend one minute writing down what kind of economy you are. What are your strong and weak areas? Talk to the other "economies" in the auditoriumroom about the things that affect you most. Give each other advice on how to improve. What fears do you have for the future?

Comments On The Us Economy: What do you think of these comments on the US economy? Talk about them with your partner(s).

a. It won't always be number one.
b. It's the perfect economy.

Economic Growth: Spend one minute writing down all of the different words you associate with economic growth. Share your words with your partner(s) and talk about them. Together, put the words into different categories.

Quick Debate: Have a quick debate with your partner. Which economy will be most important in ten years? A Students think America's will be, B Students think China's will be.

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Unit Project

Write a web page for your University (Institute) or company.

Include:

a short description of economics and its types.

Project

Work in pairs. Go to the Internet site and find out economic issues that the world face today. Make notes.

UNIT 2
MICROECONOMICS AND MACROECONOMICS

Focus on the Topic

1. Discuss these questions.

1. What are the basic questions in economics?
2. To what extent should the government intervene in the market? ...
3. How to define economic welfare?

Pre-Reading Activity

2. Economics and Its Scope Economics seeks to enhance the well- being of all people, irrespective of their employment status or income levels. It addresses a wide range of issues, such as:

– The environmental impact of production activities.

– The role of education in improving workforce skills.

– The behavior of large businesses and labor unions in benefiting society or pursuing self-interest.

– How government policies on spending, taxes, and regulations influence production and consumption decisions.

Two Branches of Economics

1. Microeconomics:

Focuses on individual economic agents, including households, workers, and businesses.

2. Macroeconomics:

Examines the economy as a whole, focusing on large– scale issues such as economic growth, unemployment, inflation, government deficits, and trade balances.

While distinct, these two branches complement each other and offer a complete understanding of economic phenomena.

The Lake Analogy

Understanding the relationship between micro and macroeconomics can be compared to studying a lake:

1. Micro-level focus: Investigating individual elements like algae, fish, or trees.

2. Macro-level focus: Analyzing the entire ecosystem, including its balance and external factors affecting it.

Similarly, in economics:

1. Microeconomics delves into individual decisions and behaviors.
2. Macroeconomics studies the broader economic environment.
3. Both perspectives are necessary and interrelated.

Interdependence of Microeconomics and Macroeconomics

Microeconomic decisions are influenced by macroeconomic conditions. For example, businesses are more likely to hire workers when the economy is thriving.

The overall health of the macroeconomy depends on the collective decisions made by individuals and businesses at the microeconomic level.

Understanding both perspectives is crucial for analyzing and addressing economic issues effectively.

3. Read the text.

Microeconomics and Macroeconomics

Economics is concerned with the well-being of *all* people, including those with jobs and those without jobs, as well as those with high incomes and those with low incomes. Economics acknowledges that production of useful goods and services can create problems of environmental pollution. It explores the question of how investing in education helps to develop workers' skills. It probes questions like how to tell when big businesses or big labor unions are operating in a way that benefits society as a whole and when they are operating in a way that benefits their owners or members at the expense of others. It looks at how government spending, **taxes**, and regulations affect decisions about production and **consumption**.

It should be clear by now that economics covers a lot of ground. That ground can be divided into two parts: Microeconomics focuses on the actions of individual agents within the economy, like households, workers, and businesses; Macroeconomics looks at the economy as a whole. It focuses on broad issues such as growth of production, the number of unemployed people, the inflationary increase in prices, government **deficits**, and levels of exports and imports. Microeconomics and macroeconomics are not separate subjects, but rather complementary perspectives on the overall subject of the economy.

To understand why both microeconomic and macroeconomic perspectives are useful, consider the problem of studying a biological ecosystem like a lake. One person who sets out to study the lake might **focus on** specific topics: certain kinds of algae or plant life; the characteristics of particular fish or snails; or the trees **surrounding** the lake. Another person might take an overall view and instead consider the entire ecosystem of the lake from top to bottom; what eats what, how the system stays in a rough balance, and what environmental stresses affect this balance. Both approaches are useful, and both examine the same lake, but the viewpoints are different. In a similar way, both microeconomics and macroeconomics study the same economy, but each has a different viewpoint.

Whether you are looking at lakes or economics, the micro and the macro **insights** should **blend** with each other. In studying a lake, the micro insights about particular plants and animals help to understand the overall food chain, while the macro insights about the overall food chain help to explain the environment in which individual plants and animals live.

In economics, the micro decisions of individual businesses are influenced by whether the macroeconomy is healthy; for example, firms will be more likely to **hire** workers if the overall economy is growing. In turn, the performance of the macroeconomy ultimately depends on the microeconomic decisions made by individual households and businesses.

Key Concepts and Summary

Microeconomics and macroeconomics are two different **perspectives** on the economy. The microeconomic perspective focuses on parts of the economy: individuals, firms, and industries. The macroeconomic perspective looks at the economy as a whole, focusing on goals like growth in the standard of living, unemployment, and **inflation**. Macroeconomics has two types of policies for pursuing these goals: monetary policy and fiscal policy.

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Post-Reading Activity

4. Match. Then look in the text to check your answers.

a) tax	1) mix
b) consumption	2) to give attention to
c) deficits	3) a general increase in the prices of goods and services in a country
d) focus on	4) an amount of money that you have to pay to the government so that it can pay for public services
e) surrounding	5) If you hire someone, you employ them or pay them to do a particular job for you
f) insight	6) a view
g) blend	7) all round a particular place or thing
h) hire	8) ability to understand complex situations
i) perspectives	9) less than what is required or expected
j) inflation	10) the act of buying and using things

5. Use the words from the list to complete below sentences.

1. The building doesn't fit in with the ______________ area.
2. Most guidebook history is written from the editor's ______________.
3. ______________ of skies, boots and clothing, are all available.
4. Oil and water will never ______________.
5. We ______________ our goals daily and we achieve them easily and efficiently.
6. Unemployment and ______________ are interrelated.
7. How much did you have to pay in income ______________ last year?
8. He was a man of forceful character, with considerable ______________ and diplomatic skills.
9. The current account of the balance of payments is in ______________.
10. The production and ____________ of goods and services is the ultimate aim of all economic endeavor.

A Closer Look

6. Walk around the auditorium and talk to other students about microeconomics and macroeconomics.

1. What is the difference between microeconomics and macroeconomics?
2. What are examples of individual economic agents?
3. What are the three main goals of macroeconomics?

7. Comprehension Questions.

1. What is economics concerned with, according to the text?
2. Explain the difference between microeconomics and macroeconomics.
3. How does the study of a lake serve as a metaphor for understanding the relationship between microeconomics and macroeconomics?
4. Provide an example from the text that illustrates how microeconomic decisions influence macroeconomic outcomes.
5. Why are both microeconomic and macroeconomic perspectives important in economics?

Vocabulary Building

8. Match the term with its correct definition:

1) Microeconomics	a) A broad increase in prices across an economy.
2) Macroeconomics	b) Rules set by the government to control or influence behavior.
3) Inflation	c) The part of economics focusing on individual agents like households or businesses.
4) Deficit	d) The condition where government spending exceeds its revenue.
5) Regulations	e) The part of economics examining large-scale phenomena such as unemployment or exports.

9. Critical Thinking Questions.

1. Why might it be important to understand the balance between microeconomic and macroeconomic perspectives when creating economic policies?
2. How might environmental pollution relate to both microeconomic and macroeconomic perspectives?

3. Consider the metaphor of studying a lake. Can you think of another example or metaphor that could describe the relationship between micro and macro perspectives in a different context?

10. Application Activity.

Imagine you are an economist advising a government. Provide one microeconomic recommendation and one macroeconomic recommendation to improve economic performance. Explain how they are interrelated.

11. Discussion/Reflection.

Write a short paragraph reflecting on how economics impacts your daily life. Try to identify examples of microeconomic and macroeconomic factors that influence your decisions or environment.

12. True/False Statements.

1. Microeconomics studies the economy as a whole.
2. Macroeconomics focuses on individual businesses and households.
3. The health of the macroeconomy influences the decisions of individual firms.
4. Microeconomics and macroeconomics are completely separate and unrelated.
5. Government deficits are an example of a macroeconomic issue.

Language Spot

Present Simple and Present Continuous

Complete the rules with the names of these tenses:

Present Simple is …………

Present Continuous is ……………

Use the Present Simple to talk about situations that exist over a long period of time and repeated actions.

I work in the Purchasing department.

Use the Present Continuous to talk about things that are happening now or for a limited period of time.

I'm helping to prepare an advert.

We're buying for next year's season.

I'm training to be a fashion buyer.

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13. Fill in the blanks with the correct form of the verb (Present Simple or Present Continuous):

1. Economics ___ (focus) on the well-being of all people.
2. Microeconomics ___ (examine) individual actions, such as the decisions made by households and businesses.
3. The economy ___ (grow) in many regions this year.
4. Government spending ___ (affect) production and consumption decisions.
5. Right now, economists ___ (study) how inflation is impacting the economy.
6. Firms usually ___ (hire) workers when the economy is doing well.
7. I ___ (read) about macroeconomics these days to understand the bigger picture.
8. The government often ___ (regulate) the economy through taxes and policies.

14. Choose the correct form (Present Simple or Present Continuous):

1. Economics (is/are) a broad field that (covers/is covering) many aspects of society.
2. Today, we (study/are studying) both microeconomics and macroeconomics in our auditorium.
3. Microeconomics (focuses/is focusing) on individual agents, while macroeconomics (looks/is looking) at the economy as a whole.
4. More people (realize/are realizing) the importance of education for developing workers' skills.
5. Businesses (make/are making) decisions based on both micro and macroeconomic factors.

15. Correct the sentences if necessary:

1. The government are regulating the economy through taxes.
2. I am studying about microeconomics every day.
3. The economy grows steadily year after year.
4. Many businesses are making decisions about hiring based on the current economic conditions.
5. They are looking at the economy as a whole to understand the broader issues.

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16. Explain the difference between the Present Simple and Present Continuous in your own words.

17. Create your own sentences using both Present Simple and Present Continuous based on the following prompts:

1. Microeconomics:
2. Macroeconomics:
3. Government policies:
4. Inflation:

Speaking Point

18. Critical Thinking Questions.

A balanced federal budget and a balance of trade are considered as secondary goals of macroeconomics, while growth in the standard of living (for example) is considered to be a primary goal. Why do you think that is so?

Macroeconomics is an aggregate of what happens at the microeconomic level. Would it be possible for what happens at the macro level to differ from how economic agents would react to some stimulus at the micro level? *Hint:* Think about the behavior of crowds.

UNIT 3 DEMAND, SUPPLY, AND EQUILIBRIUM IN THE MARKETS FOR GOODS AND SERVICES

Focus on the Topic

1. Work with a partner. Discuss these questions.

1. What product or service could you never live without?
2. What product or service would you give up if its price went up 10%?
3. What product does not exist today for which you believe there is a market need?
4. How has technology changed purchasing behavior?

Pre-Reading Activity

2. Objective: to activate prior knowledge about market equilibrium and prepare students to understand the concept of equilibrium price, surplus, and shortage. Discussion Questions.

1. What do you understand by the term "equilibrium price"?
2. Have you ever noticed a situation where prices of goods or services seem too high or too low? What might cause this?
3. What happens when there is more of a product available than people are willing to buy? How do you think businesses respond to that?
4. On the other hand, what do you think happens when a product is in high demand but there isn't enough available?
5. Why do you think the price of goods like gasoline changes over time? What might influence those changes?

3. Pre-Reading Vocabulary

Equilibrium Price: The price at which the quantity demanded by consumers equals the quantity supplied by producers.

Quantity Demanded: The amount of a good or service consumers are willing to buy at a certain price.

Quantity Supplied: The amount of a good or service producers are willing to sell at a certain price.

Surplus: A situation where the quantity supplied of a good or service is greater than the quantity demanded at a given price.

Shortage: A situation where the quantity demanded of a good or service exceeds the quantity supplied at a given price.

Prediction Activity

4. Look at the following statements and predict what might happen next based on your understanding of economics:

1. If the price of gasoline rises too high, what do you think will happen to the demand for it?
2. If the price of gasoline drops too low, how might this affect the amount of gasoline produced and sold?

5. Read the text. First let's first focus on what economists mean by demand, what they mean by supply, and then how demand and supply interact in a market.

Demand for Goods and Services

Economists use the term demand to refer to the amount of some good or service consumers are **willing** and able to purchase at each price. Demand is based on needs and wants – a consumer may be able to differentiate between a need and a want, but from an economist's perspective they are the same thing. Demand is also based on ability to pay. If you cannot pay for it, you have no effective demand.

What a buyer pays for a unit of the specific good or service is called **price**. The total number of units purchased at that price is called the **quantity** demanded. A rise in price of a good or service almost always decreases the quantity demanded of that good or service. Conversely, a fall in price will increase the quantity demanded. When the price of a gallon of gasoline goes up, for example, people look for ways to reduce their consumption by combining several errands, commuting by carpool or mass transit, or taking weekend or vacation trips closer to home. Economists call this inverse relationship between price and quantity demanded the law of demand. The law of demand **assumes** that all other variables that affect demand are held constant.

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Supply of Goods and Services

When economists talk about **supply**, they mean the amount of some good or service a producer is willing to supply at each price. Price is what the producer receives for selling one unit of a **good** or service. A rise in price almost always leads to an increase in the quantity supplied of that good or service, while a fall in price will decrease the quantity supplied. When the price of gasoline rises, for example, it encourages profit-seeking firms to take several actions: expand exploration for oil reserves; drill for more oil; invest in more pipelines and oil tankers to bring the oil to plants where it can be **refined** into gasoline; build new oil refineries; purchase additional pipelines and trucks to ship the gasoline to gas stations; and open more gas stations or keep existing gas stations open longer hours. Economists call this positive relationship between price and quantity supplied – that a higher price leads to a higher quantity supplied and a lower price leads to a lower quantity supplied – the law of supply. The law of supply assumes that all other variables that affect supply are held constant.

Equilibrium – Where Demand and Supply Intersect

Together, demand and supply determine the price and the quantity that will be bought and sold in a market. The word "equilibrium" means "balance". If a market is at its equilibrium price and quantity, then it has no reason to move away from that point. However, if a market is not at equilibrium, then economic pressures arise to move the market toward the equilibrium price and the equilibrium quantity.

Imagine, for example, that the price of a gallon of gasoline was above the equilibrium price – that is, instead of $1.40 per gallon, the price is $1.80 per gallon. At this higher price, the quantity demanded drops from 600 to 500. This decline in quantity reflects how consumers react to the higher price by finding ways to use less gasoline.

Moreover, at this higher price of $1.80, the quantity of gasoline supplied rises from the 600 to 680, as the higher price makes it more profitable for gasoline producers to expand their output. Now, consider how quantity demanded and quantity supplied are related at this above-equilibrium price. Quantity demanded has fallen to 500 gallons, while quantity supplied has risen to 680 gallons. In fact, at any above-equilibrium price, the quantity supplied **exceeds** the quantity demanded. We call this an excess supply or a surplus.

With a surplus, gasoline accumulates at gas stations, in tanker trucks, in pipelines, and at oil refineries. This accumulation puts pressure on gasoline sellers. If a surplus remains unsold, those firms involved in making and selling gasoline are not receiving enough cash to pay their workers and to cover their expenses. In this situation, some producers and sellers will want to cut prices, because it is better to sell at a lower price than not to sell at all. Once some sellers start cutting prices, others will follow to avoid losing sales. These price **reductions** in turn will stimulate a higher quantity demanded. So, if the price is above the equilibrium level, incentives built into the structure of demand and supply will create pressures for the price to fall toward the equilibrium.

Now suppose that the price is below its equilibrium level at $1.20 per gallon. At this lower price, the quantity demanded increases from 600 to 700 as drivers take longer trips, spend more minutes warming up the car in the driveway in wintertime, stop sharing rides to work, and buy larger cars that get fewer miles to the gallon. However, the below-equilibrium price reduces gasoline producers' incentives to produce and sell gasoline, and the quantity supplied falls from 600 to 550.

When the price is below equilibrium, there is excess demand, or a **shortage** – that is, at the given price the quantity demanded, which has been stimulated by the lower price, now exceeds the quantity supplied, which had been depressed by the lower price. In this situation, eager gasoline buyers mob the gas stations, only to find many stations running short of fuel. Oil companies and gas stations recognize that they have an opportunity to make higher profits by selling what gasoline they have at a higher price. As a result, the price rises toward the equilibrium level.

Key Concepts and Summary

The equilibrium occurs where the quantity demanded is equal to the quantity supplied. If the price is below the equilibrium level, then the quantity demanded will exceed the quantity supplied. Excess demand or a shortage will exist. If the price is above the equilibrium level, then the quantity supplied will exceed the quantity demanded. Excess supply or a surplus will exist. In either case, economic pressures will push the price toward the equilibrium level.

6. Match. Then look in the text to check your answers.

1) willing	a) something, there is not enough of it
2) price	b) imagine that it is true
3) quantity	c) items that satisfy human wants and provide utility
4) assume	d) eager, or prepared to do something
5) supply	e) make pure by having all other substances removed from it
6) goods	f) the amount of money that you have to pay in order to buy it
7) refine	g) made smaller
8) reduction	h) an amount that you can measure or count
9) shortage	i) go beyond
10) exceed	j) make (something needed or wanted) available to someone; provide

7. Use the words from the list to complete below sentences.

1. It ________________ the power of human understanding.
2. House ______________ have been falling.
3. Surgical techniques are constantly being ________________.
4. Many companies have announced dramatic _____________ in staff.
5. There are, of course, questions which she will not be _______________ to answer.
6. Money can be exchanged for _______________ or services.
7. There's no _______________ of ideas when it comes to improving the education of children.
8. It is a misconception to ______________ that the two continents are similar.

9. In terms of ________________, production grew faster than ever before.
10. We can _______________ the goods from our main store.

A Closer Look

8. Walk around the auditorium and talk to other students about the Demand, Supply, and Equilibrium in the Markets. Change partners often and share your findings.

1. What determines the level of prices in a market?
2. What is the relationship between quantity demanded and quantity supplied at equilibrium?
3. What is the relationship when there is a shortage? What is the relationship when there is a surplus?

Post-Reading Activity

9. Comprehension Questions:

1. What is meant by the equilibrium price?
2. Explain what happens when the price is above equilibrium.
3. What happens when the price is below equilibrium?
4. In the case of a surplus, why do some sellers reduce prices?
5. How does a shortage affect consumers and businesses?
6. According to the text, what is the main factor that drives prices toward the equilibrium level?

10. True/False Statements:

1. At equilibrium, the quantity demanded is greater than the quantity supplied.
2. A surplus occurs when the price is above equilibrium.
3. When there is a shortage, the quantity demanded exceeds the quantity supplied.
4. In a surplus, gasoline accumulates at gas stations and refineries.
5. When the price of gasoline is below equilibrium, producers are more likely to increase production.

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Vocabulary Practice

11. Match the term with its correct definition:

1) Equilibrium Price	a) The amount of a good or service that consumers are willing to buy at a specific price.
2) Excess Supply (Surplus)	b) The price at which quantity demanded equals quantity supplied.
3) Excess Demand (Shortage)	c) The amount of a good or service that producers are willing to sell at a specific price.
4) Quantity Supplied	d) A situation where the quantity demanded exceeds the quantity supplied at a given price.
5) Quantity Demanded	e) A situation where the quantity supplied exceeds the quantity demanded at a given price.

12. Application/Scenario Analysis:

1. Imagine the price of gasoline rises significantly. How might this affect both consumers and producers in terms of supply and demand?
2. What might happen to the price of gasoline if a sudden increase in production occurs, but the demand remains the same?
3. Suppose a new policy is introduced, lowering the price of gasoline below its equilibrium price. What are some of the likely consequences for consumers and producers?

13. Critical Thinking:

1. Why do you think price reductions can stimulate higher quantity demanded? How does this relate to the concept of the law of demand?
2. How might producers' expectations about future prices influence the supply of gasoline today?
3. How can government regulations or price controls (e.g., price ceilings or price floors) impact the equilibrium price?

14. Graphing Activity:

1. Draw a basic supply and demand graph, labeling the equilibrium price, quantity demanded, and quantity supplied.
2. Show what happens on the graph when there is a surplus and a shortage by adjusting the price.

15. Reflection. Write a short paragraph explaining the following:

1. How does the equilibrium price help balance the market?
2. How do surplus and shortage push prices toward equilibrium?

16. Look back at the text to answer the following questions.

1. If the price is above the equilibrium level, would you predict a surplus or a shortage? If the price is below the equilibrium level, would you predict a surplus or a shortage? Why?
2. When the price is above the equilibrium, explain how market forces move the market price to equilibrium. Do the same when the price is below the equilibrium.

17. Critical Thinking Questions.

1. Explain why the following statement is false: "In the goods market, no buyer would be willing to pay more than the equilibrium price."
2. Explain why the following statement is false: "In the goods market, no seller would be willing to sell for less than the equilibrium price."

Language Spot

Past Simple

We use the Past Simple to talk about things which happened in the past.

I went on a business trip to New York last year.
I wrote a letter to the supplier.
I didn't see you in the office last week.

We often use the Past Simple with time expressions like *three years ago, last month, yesterday, etc.*

The Past Simple of some verbs is irregular.

go – went *come – came* *take – took*

Speaking Point

18. The Road to Development. Which developing countries do you think have been most successful in recent years? Why? Work in pairs. Look at the list of different options below.

1. Which are the three best strategies for a developing country to follow? Rank them by importance (1 = the best option). Are there any strategies you think are wrong?

– to invest in education and training
– to open the country to global competition
– to protect domestic industries, like agriculture
– to encourage international companies to invest in the country
– to borrow money from the financial markets or
– to develop export industries

2. How would you promote your region or city to international companies?

   What features would you try?
   – to build infrastructure (road, rail, telecom)
   – to privatize state companies
   – to cut taxes

3. Work in groups of three or four. Hold a meeting to discuss the best way for a developing country to build its economy. Each student should present their three options for development. Discuss the proposals together and try to reach an agreement on the best three options for the group.

19. Read the text below and then discuss the questions.

1. Do you think banks are right to think of their customers as customers for life?
2. What do you think are the 'changing financial needs of a customer through their life'?
3. Make a list in pairs or small groups, then discuss as a auditorium.

Customer Relationship Management

"A happy customer is a customer for life. That's the main thing I learned from my training," says Dereck Jacobs, a customer relationship manager with one of the biggest Swiss banks. "lf we make a mistake, we have to put it right immediately. Companies who just focus on the profit from one sale or one transaction are missing the point."

"Today, the game is not about winning new customers, but keeping our existing customers throughout their life. It's about selling them new services to meet their changing needs as their life develops: from their first job, to starting a family, buying a house or preparing for their retirement. It costs a fortune in marketing and communication to win a new customer; if we lose them, we are throwing away all our investment. What kind of financial strategy is that? It's crazy."

This means: acknowledge your mistakes and respond positively. Try to meet, or even exceed, the customer's expectations by showing how much you care. A great sales team knows that a complaining customer is actually not just an opportunity to put things right. But it's also a way of demonstrating the company's commitment to them. That way, the best companies turn their complaining customers into fans and build loyalty for life. The short-term cost is nothing compared with the longterm gain.

Unit Project

Interview three people outside your auditorium about how to promote your region or city to international companies. Write down each interviewee's name, age, and gender. In small groups, analyze the results of your survey. Compare the answers with the other students.

UNIT 4 THE DIVISION AND SPECIALIZATION OF LABOR

Focus on the Topic

1. Work with a partner. Discuss these three questions.

1.What are some examples of division of labor and specialization?
2. Who invented the terms division of labor and specialization?
3. Is division of labor good or bad?

Pre-Reading Exercises

2. Vocabulary Prediction. Read the list of words below. Based on their appearance, try to guess their meanings. After reading the text, compare your guesses with the actual meanings.

Words to predict:

1. Division of labor
2. Specialization
3. Economies of scale
4. Scarcity
5. Assembly line
6. Core competency
7. Productivity

3. Discussion Questions. Think about the following questions before reading the text. After reading, revisit these questions and see how your thoughts have evolved.

1. What do you think it means for a worker to specialize in a task? How might this affect productivity?
2. Can you think of any examples from your own life where you have seen division of labor? (e.g., in a family, school, or workplace)
3. Why do you think large companies often produce goods at a lower cost than small businesses?

4. Read the following statements and rate how strongly you agree or disagree with each one on a scale from 1 to 5 (1 = strongly disagree, 5 = strongly agree). After reading the text, reflect on whether your opinions change.

1. Specialization makes workers more efficient and skilled.
2. Dividing tasks in production helps increase output.
3. Larger companies can produce goods at a cheaper price than smaller companies.

5. Concept Mapping.

Before reading, create a concept map that connects ideas such as "specialization", "production","tasks", and "business". Try to visualize how these concepts are related to one another. After reading the text, update the map with new connections or ideas you learned.

6. Prediction of Content.

KWL Chart (Know, Want to Know, Learned)

Before reading the text, complete the first two columns. After reading, fill in the third column with new information you've learned.

Brainstorming Activity

7. Work with a partner or group to brainstorm ideas related to the following question:

1. What are the advantages of dividing tasks between different workers or businesses?
2. Write down as many ideas as you can think of in 5 minutes. After reading the text, discuss how your ideas compare to what the text says.

8. Role Play (Discussion Exercise).

Before reading, imagine you are part of a team working on a project. Some team members will be responsible for specific tasks, and others will handle other responsibilities. Discuss how splitting the tasks might improve the overall productivity of the group.

Roles:

Worker 1: Focuses on one task (e.g., writing, designing, etc.).

Worker 2: Focuses on a different task (e.g., research, editing, etc.).

Leader: Ensures that each worker is assigned the right tasks and that everyone's contributions are integrated. Discuss the benefits and potential challenges of this division of labor.

9. True or False Predictions. Based on the title and what you know about economics, read the statements below and predict whether they are true or false. After reading the text, revisit them and check your predictions.

1. The division of labor makes the production of goods and services more efficient.
2. The division of labor is only important in large businesses and factories.
3. Specialization in specific tasks helps workers improve their skills and efficiency.
4. Increasing the number of workers always results in more products being made.
5. Specialization leads to a decrease in the average cost of producing goods in large-scale production.

10. Prior Knowledge Activation.

Think about different sectors or industries (such as health, education, manufacturing, agriculture, etc.) and identify the tasks that could be divided within each one. Write down your ideas before reading the text. Afterward, compare your thoughts with the examples presented in the article.

Example:

Sector: Health

Task division: Doctors specialize in diagnosing, nurses in patient care, and lab technicians in testing.

Sector: Manufacturing

Task division: Assembly line workers specialize in particular steps like assembling parts, painting, or packaging.

11. Prediction of Author's Argument.

Based on the title and opening sentences, predict what the author's main argument or point might be. What do you think Adam Smith's views on the division of labor will emphasize? After reading, confirm or revise your predictions.

12. Word Association.

Write down words that come to mind when you think of the following terms. Then, after reading the text, compare and see if any of the words you listed were mentioned in the article.

Division of Labor
Specialization
Productivity
Economies of Scale
Efficiency

13. Match. Then look in the text to check your answers.

a) comprehensive	1) form
b) range	2) not enough of it
c) bill	3) becoming less in quantity, importance, or strength
d) auditoriumification	4) would like to have or do that thing rather than something else
e) specialize	5) a division or category in a system
f) shape	6) includes everything that is needed or relevant
g) assembly line	7) a number of different things of the same general kind
h) decline	8) an arrangement of workers and machines in a factory, where each worker deals with only one part of a product
i) preference	9) know a lot about it and concentrate a great deal of your time and energy on it
j) scarcity	10) a written statement of money that you owe for goods or services

14. Use the words to complete below sentences.

1. Many of these products were bought in ______________ to their own.
2. Bottom of the league come engineering companies, a ____________ that includes the car companies.
3. A _______________ assessment and continuous monitoring of the effects should be undertaken.

4. The first signs of economic ____________ became visible.
5. I don't know how best to _____________ these ideas into an article.
6. Economics is about ______________ and choice.
7. A wide ___________ of colours and patterns are available.
8. The problems caused temporary slowdowns on some of its __________________.
9. The firm _____________ in commercial brochures
10. They couldn't afford to pay the _____________.

15. Read the text:

The Division and Specialization of Labor

The formal study of economics began when Adam Smith (1723–1790) published his famous book *The Wealth of Nations* in 1776. Many authors had written on economics in the centuries before Smith, but he was the first to address the subject in a **comprehensive** way. In the first chapter, Smith introduces the **division of labor**, which means that the way a good or service is produced is divided into a number of tasks that are performed by different workers, instead of all the tasks being done by the same person.

To illustrate the division of labor, Smith counted how many tasks went into making a pin: drawing out a piece of wire, cutting it to the right length, straightening it, putting a head on one end and a point on the other, and packaging pins for sale, to name just a few. Smith counted 18 distinct tasks that were often done by different people – all for a pin, believe it or not!

Modern businesses divide tasks as well. Even a relatively simple business like a restaurant divides up the task of serving meals into **a range** of jobs like top chef, sous chefs, less-skilled kitchen help, servers to wait on the tables, a greeter at the door, janitors to clean up, and a business manager to handle paychecks and **bills** – not to mention the economic connections a restaurant has with suppliers of food, furniture, kitchen equipment, and the building where it is located. A complex business like a large manufacturing factory, such as the shoe factory or a hospital can have hundreds of job **classifications**.

Why the Division of Labor Increases Production

When the tasks involved with producing a good or service are divided and subdivided, workers and businesses can produce a greater quantity of **outpu**t. In his observations of pin factories, Smith observed that one worker alone might make 20 pins in a day, but that a small business of 10 workers (some of whom would need to do two or three of the 18 tasks involved with pin-making), could make 48,000 pins in a day. How can a group of workers, each **specializing in** certain tasks, produce so much more than the same number of workers who try to produce the entire good or service by themselves? Smith offered three reasons.

First, specialization in a particular small job allows workers to focus on the parts of the production process where they have an advantage. People have different skills, talents, and interests, so they will be better at some jobs than at others. The particular advantages may be based on educational choices, which are in turn **shaped** by interests and talents. Only those with medical degrees qualify to become doctors, for instance. If people specialize in the production of what they do best, they will be more productive than if they produce a combination of things, some of which they are good at and some of which they are not.

Second, workers who specialize in certain tasks often learn to produce more quickly and with higher quality. This pattern holds true for many workers, including **assembly line** laborers who build cars, stylists who cut hair, and doctors who perform heart surgery. In fact, specialized workers often know their jobs well enough to suggest innovative ways to do their work faster and better.

A similar pattern often operates within businesses. In many cases, a business that focuses on one or a few products (sometimes called its "**core competency**") is more successful than firms that try to make a wide range of products.

Third, specialization allows businesses to take advantage of economies of scale, which means that for many goods, as the level of production increases, the average cost of producing each individual unit **declines**. For example, if a factory produces only 100 cars per year, each car will be quite expensive to make on average. However, if a factory produces 50,000 cars each year, then it can set up an assembly line with huge machines and workers performing specialized tasks, and the average cost of production per car will be lower. The ultimate result of workers who can focus on their **preferences** and talents, learn to do their specialized jobs better, and work in larger organizations is that society as a whole can produce and consume far more than if each person tried to produce all of their own goods and services. The division and specialization of labor has been a force against the problem of **scarcity**.

Post-Reading Activity

16. Summary Writing.

Write a brief summary (4–5 sentences) of the main ideas from the text. Focus on the key concepts such as division of labor, specialization, and how they increase production. Be sure to mention the reasons given by Adam Smith for why the division of labor leads to higher productivity.

17. Discussion Questions. Answer the following questions in your own words. Afterward, discuss your responses with a partner or in a group.

1. How does the division of labor impact both workers and businesses?
2. What are the three reasons Adam Smith gives for why the division of labor increases production?
3. Can you think of any modern examples where the division of labor and specialization are used to increase productivity (e.g., in technology, retail, or healthcare)?
4. What role does "economies of scale" play in production, according to Smith?
5. Do you agree with Adam Smith's view that division of labor benefits society as a whole? Why or why not?

18. True or False Statements. Below are some statements about the text. Decide if they are true or false based on the information you learned from the article.

1. The division of labor is only relevant to large businesses, not small ones.

2. Specializing in a task can lead to workers improving their efficiency and quality of work.
3. Division of labor decreases the production of goods in large factories.
4. As the scale of production increases, the average cost of producing goods tends to decrease.
5. Adam Smith suggested that workers should do everything in the production process themselves for maximum efficiency.

19. Concept Map Creation. After reading the text, update or create a new concept map that connects the following terms:

– Division of Labor
– Specialization
– Productivity
– Economies of Scale
– Scarcity
– Innovation
– Efficiency
– Production

Draw lines between the terms to show how they are related. For example, you might connect “Specialization” to “Efficiency” and “Productivity”, and “Economies of Scale” to “Lower Costs.”

20. Application Exercise. Apply the concept of division of labor to a real-world scenario. Choose one of the following situations:

1. A school (tasks divided between teachers, janitors, office staff, etc.)
2. A fast food restaurant (roles of cooks, cashiers, cleaners, etc.)
3. A hospital (doctors, nurses, administrative staff, etc.)

Describe how division of labor works in this setting and how it helps increase productivity. Be sure to highlight specialization and any relevant economies of scale.

21. Group Debate.

Break into two groups for a debate. One group will argue that division of labor and specialization are essential for economic success, while the other will argue that the focus on specialization can have negative effects (such as job dissatisfaction or loss of job variety). Use examples from the text to support your argument. After the debate, discuss the strengths and weaknesses of both sides.

22. Reflective Journal Entry. Write a journal entry reflecting on the following:

1. How does the division of labor affect your daily life or work environment (e.g., at school, at home, or in any job you've had)?
2. Do you think modern society relies too much on specialization? Why or why not?
3. After reading the text, how has your understanding of the relationship between specialization, productivity, and cost changed?

23. Fill in the Blanks. Complete the sentences below by filling in the missing terms from the text.

1. The division of labor allows workers to ________ on tasks where they are most skilled and productive.
2. One of the benefits of specialization is that it can lead to ________ improvements, allowing workers to do their jobs faster and better.
3. The division of labor is a solution to the problem of ________, as it enables society to produce more goods and services.
4. According to Adam Smith, when a business increases its production, the ________ cost of each unit typically decreases.
5. A ________ is a business's primary area of expertise or focus, which can lead to greater success compared to a business that produces a wide range of products.

24. Case Study Analysis. Read the following case study and apply the ideas from the text to analyze it.

Case Study: A small company produces custom T-shirts, but as demand for its products increases, it begins to struggle with production. The company hires additional workers and organizes them into different roles: one group focuses on design, another on printing, and a third on packaging. The company also invests in machines to help with the printing process and organizes an assembly line to streamline operations. Over time, production increases and costs decrease.*

1. Identify the elements of division of labor and specialization in this case study.
2. How does the company benefit from economies of scale?
3. How does the division of labor improve productivity in this scenario?

25. Personal Reflection. Reflect on how the division of labor might influence the way you approach tasks in your own life. Write about the following:

1. In what areas of your life (school, home, work) could you apply the concept of specialization to improve efficiency or productivity?
2. Do you ever feel overwhelmed by having to perform multiple tasks at once? How might dividing those tasks among others help?

A Closer Look

26. Walk around the auditorium and talk to other students about the division of and specialization of labor.

Give the three reasons that explain why the division of labor increases an economy's level of production. Change partners often and share your findings. Look back at the text to answer the following questions.

1. A consultant works for \$200 per hour. She likes to eat vegetables, but is not very good at growing them. Why does it make more economic sense for her to spend her time at the consulting job and shop for her vegetables?
2. A computer systems engineer could paint his house, but it makes more sense for him to hire a painter to do it. Explain why.

27. Critical Thinking Questions.

1. Suppose you have a team of two workers: one is a baker and one is a chef. Explain why the kitchen can produce more meals in a given period of time if each worker specializes in what they do best than if each worker tries to do everything from appetizer to dessert.
2. Why would division of labor without trade not work?
3. Can you think of any examples of *free* goods, that is, goods or services that are not scarce?

Language Spot

Present Continuous for Future

We use the Present Continuous to talk about things we have arranged in the past to do in the Future.

The Present Continuous tense is commonly used to talk about future plans or arrangements that have already been decided or scheduled. In these cases, the action is seen as certain or planned, and it's often used with specific time expressions like "tomorrow", "next week", or "at 3 PM."

Structure:

Subject + am/is/are + verb– ing + future time reference

Examples:

1. I am meeting my friends tomorrow. (This is a scheduled plan.)
2. She is flying to New York next week. (This is a confirmed future arrangement.)
3. We are having a meeting at 10 AM. (A fixed plan for the future.)
4. They are leaving for vacation this Friday. (A decided future action.)

Common Time Expressions Used with Present Continuous for Future:

Tomorrow
Next week/month/year
In two days
This weekend
At 6 PM
On Monday

Key Notes:

The action refers to something that is already planned or arranged. It's different from a simple future prediction.

It is usually used for personal arrangements, such as social plans, meetings, or travel.

Comparison with Simple Future:

Simple Future: "I will meet my friends tomorrow." (This could be a general intention or a prediction, not necessarily planned.)

Present Continuous: "I am meeting my friends tomorrow." (This emphasizes that it is a pre-arranged plan.)

Certainly! Here are more examples and explanations on how Present Continuous is used for future actions, along with some additional details:

More Examples of Present Continuous for Future:

1. I'm going to the dentist on Monday. (The visit is already arranged. It's a fixed plan in the near future.)
2. They are getting married next month. (A scheduled event that has been decided.)
3. We are having a party this weekend. (The party is planned and set for a specific time.)
4. She is starting her new job next week. (A future action that is already decided and planned.)
5. The train is leaving at 6 PM. (The departure is scheduled at a specific time in the future.)

More Time Expressions with Present Continuous:

This afternoon; Later; In two hours; Tomorrow evening; Next summer; At 9 AM

The Present Continuous is typically used for personal plans or arrangements, usually involving the speaker or people they know. These plans are often coordinated or scheduled, such as:

I'm visiting my parents this weekend. (This is a personal plan.)

He is playing tennis with friends this evening. (A social arrangement made in advance.)

With Public or Official Events:

The Present Continuous can also be used to talk about public events or official schedules when they are fixed or planned. Even if they aren't arranged personally, they are scheduled events:

The concert is starting at 8 PM. (A public event with a fixed schedule.)

The meeting is taking place tomorrow afternoon. (An official arrangement with a set time.)

When to Avoid Present Continuous for Future:

The Present Continuous should not be used for general predictions or uncertain future events. In these cases, the Simple Future Tense is more appropriate.

Incorrect: I am going to rain tomorrow. Correct: It will rain tomorrow. (For predictions)

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Compare with Other Future Forms:

1. Present Continuous for Future:
   We are leaving tomorrow. (A planned action with a fixed time.)
2. Will + Base Verb (Simple Future): We will leave tomorrow. (A general prediction or decision made at the moment.)
3. Be Going To (for planned future actions):
   We are going to leave tomorrow. (This can also indicate a planned action, but it's often used for intentions or predictions based on current evidence, whereas Present Continuous often emphasizes arrangements.)

Recap of Rules for Present Continuous for Future:

1. Subject + am/is/are + verb– ing to describe future arrangements or plans.
2. Often used with time expressions like tomorrow, next week, at 3 PM, etc.
3. Emphasizes actions that are already decided, scheduled, or arranged.

By using the Present Continuous in this way, you're focusing on plans that have already been set in motion, highlighting a sense of certainty and commitment to the future event.

Speaking Point

The oil multinational Royal Dutch Shell is famous for its use of scenario planning. After the company makes its initial plans, it then asks questions about those plans using What if…….? For example, What if the price of oil falls?, What if technology changes?, What if the world population rises to nine billion by 2050? In other words, the company can have a Plan A, but scenario planning means they also have a Plan B.

Developing a Plan B

Scenario planning isn't only for multinationals like Shell. Having a Plan B is important for planning any kind of project and it's easy to use:

1. List all the key stages of your project with deadlines, resources needed, the people involved and their responsibilities. Prepare a

schedule or chart for your project with each of the stages. This is your Plan A.

2. Now try scenario planning for your project. For each stage of your plan, ask yourself What if…………? question. For example, What if this doesn't arrive on time?
3. What if this supplier doesn't have it in stock?,or What if there is a change in government? Try to answer each of these "What if……..?" questions.
4. Use all your answers in 2 to prepare a Plan B.

28. Discussion.

1. How important do you think scenario planning is for a company? Give a reason for your answer.
2. What kind of things can go wrong in a plan? Think about both strategic (long-term) and operational (short-term) planning.
3. Describe the kind of planning you or your company are involved in. Do you think scenario planning could be helpful for you and your company? Why/ Why not?

29. Work in groups.

1. You are going to prepare Plan A and Plan B for a project. Imagine your company wants to celebrate an important anniversary in its history with a special day of events. Discuss different ways that the company could do this and choose the best ideas.
2. Discuss and prepare Plan A. You have eight weeks to organize the event starting from today. Discuss what resources you will need and who is responsible for each stage. Take notes during the discussion and make a basic schedule or chart showing the stages of the plan.
3. Now do scenario planning with Plan A to make Plan B for your project.
4. Ask and answer What if……….? Questions about each stage.
5. Give a short presentation of your Plan A and Plan B to the auditorium

30. Tips for Presentations

1. What do you think makes a good presentation?
2. Think about examples you have heard.
3. What typical mistakes do people make? Look at the 'golden rules' below.
4. Here are some golden rules to make a positive impact with a presentation:
5. First, note down all the points you want to make.
6. Plan your structure with a clear ***introduction,*** two or three paragraphs and a ***conclusion.***
7. Check the stress and pronunciation of any difficult words.
8. Don't read out your text. Try and learn it in advance and use only notes.
9. Make sure you look directly at your audience and make eye contact.
10. Practise with friends and colleagues beforehand.
11. When you start, check that the audience can hear you.
12. Above all, speak slowly and clearly.
13. Can you think of any other advice for giving presentations?

Unit Project

Go to the library and look up your topic in an encyclopedia or on the Internet. Share your findings with your teacher for feedback.

UNIT 5

DEFINING MONEY BY IT'S FUNCTIONS

Focus on the Topic

1. Work with a partner. Discuss these questions.

1. What would life be like without money?
2. How often do you think about money?
3. What does the expression, "money doesn't grow on trees" mean?
4. Do you think rich people must be happier than poor people? Why?

Pre-Reading Activity

2. Activate Prior Knowledge. Discussion Questions:

1. Have you ever traded something without using money? What was it, and how did it work?
2. Why do you think money is important in our daily lives?
3. Write a short paragraph about what money means to you and how you use it.

3. Vocabulary Preview. Match the Words: provide the following words and definitions for matching.

1) Barter:	a) likely to decay or go bad quickly.
2) Coincidence:	b) the rate at which the general level of prices for goods and services rises.
3) Inflation:	c) to trade goods or services directly without using money.
4) Deferred:	d) the occurrence of events at the same time by chance.
5) Perishable:	e) delayed or postponed.
Prediction Activity:	look at these words: barter, coincidence, medium of exchange, unit of account.

Predict how these terms might relate to money and its functions.

Brainstorming Activity

4. In small groups, brainstorm all the forms of money (e.g., coins, digital money, etc.) you can think of and list where they are used.

Think-Pair-Share: Discuss what problems might occur if there were no money in the economy.

5. Purposeful Reading. Set a Purpose. Write these questions on the board:

1. What are the main functions of money?
2. What problems does the barter system create?
3. Why is money considered a store of value?

Encourage students to look for answers as they read.

6. Prediction from the Title.

Show the title: “Defining Money by Its Functions”.

Ask: Based on the title, what do you think the text will focus on?

7. Visual Aids and Interpretation.

Money Around the World: Show pictures of various forms of money (coins, paper money, shells, digital wallets, etc.).

1. What do all these have in common?
2. Why do you think some societies used these as money?

Mind Map: Create a mind map with “Money” in the center. Ask students to brainstorm related words, concepts, or uses (e.g., exchange, store, value).

8. Key Concept Sorting.

Provide students with the following terms on flashcards:

– Medium of exchange
– Unit of account
– Store of value
– Standard of deferred payment
– Barter
– Double coincidence of wants
– Ask them to:

1. Group terms they think are related.
2. Predict how they might connect to the concept of money.

9. Preview Text Features.

Headings and Subheadings: Ask students to look at the headings in the text:
– "Defining Money by Its Functions"
– "Barter and the Double Coincidence of Wants"
– "Functions for Money"

What do you think each section will discuss?

Skimming Challenge:

Set a timer for two minutes and ask students to quickly skim the text for key phrases like "medium of exchange" or "barter." Ask:

What do these terms tell you about the text's focus?

10. Prediction Activity.

Write the following question on the board:

"How does money solve problems in an economy?"

Have students write a brief prediction based on their existing knowledge.

11. Think About Modern Money.

Ask students:

What forms of money do you use most often (e.g., cash, credit cards, mobile payments)?

How do you think these forms relate to the text's discussion about money's functions?

12. Question Exploration. Write these pre-reading questions:

1. Why is the barter system inefficient in large economies?
2. What qualities do you think money needs to have to work well in society?

Have students discuss answers in pairs before reading the text.

13. Game: Barter Simulation.
Set up a mini barter activity in auditorium:

1. Assign each student an imaginary "product" or "service" (e.g., apples, shoes, accounting help).
2. Give them 5 minutes to barter with others to get what they need (e.g., food, clothing).
3. After the activity, discuss:

– What challenges did you face?
– How would money have made this easier?

14. Read the text and see if any of your ideas from the discussion you had mentioned.

Defining Money by its Functions

Money for the sake of money is not an end in itself. You cannot eat money or wear your bank account. Ultimately, the usefulness of money rests in **exchanging** it for goods or services. Money is what people regularly use when purchasing or selling goods and services, and thus money must be widely accepted by both buyers and sellers. This concept of money is intentionally flexible, because money has taken a wide variety of forms in different cultures.

Barter and the Double Coincidence of Wants

To understand the usefulness of money, we must consider what the world would be like without money. How would people exchange goods and services?

Economies without money typically engage in the barter system. **Barter** – literally trading one good or service for another – is highly inefficient for trying to coordinate the trades in a modern advanced economy. In an economy without money, an exchange between two people would involve a **double coincidence of wants**, a situation in which two people each want some good or service that the other person can provide. For example, if an accountant wants a pair of shoes, this accountant must find someone who has a pair of shoes in the correct size and who is willing to exchange the shoes for some hours of accounting services. Such a trade is likely to be difficult to arrange. Think about the complexity of such trades in a modern economy, with its extensive division of labor that involves thousands upon thousands of different jobs and goods.

Another problem with the barter system is that it does not allow us to easily enter into future contracts for the **purchase** of many goods and services. For example, if the goods are perishable it may be difficult to exchange them for other goods in the future. Imagine a farmer wanting to buy a tractor in six months using a fresh crop of strawberries. Additionally, while the barter system might work adequately in small economies, it will keep these economies from growing. The time that individuals would otherwise spend producing goods and services and enjoying leisure time is spent bartering.

Functions for Money

Money solves the problems created by the barter system. First, money serves as a **medium of exchange**, which means that money acts as an intermediary between the buyer and the seller. Instead of exchanging accounting services for shoes, the accountant now exchanges accounting services for money. This money is then used to buy shoes. To serve as a medium of exchange, money must be very widely accepted as a method of payment in the markets for goods, labor, and financial capital.

Second, money must serve as a **store of value**. In a barter system, we saw the example of the shoemaker trading shoes for accounting services. But she risks having her shoes go out of style, especially if she keeps them in a warehouse for future use – their value will decrease with each season. Shoes are not a good store of value. Holding money is a much easier way of storing value. You know that you do not need to spend it immediately because it will still hold its value the next day, or the next year. This function of money does not require that money is a *perfect* store of value. In an economy with inflation, money loses some **buying power** each year, but it remains money.

Third, money serves as a **unit of account**, which means that it is the ruler by which other values are measured. Finally, another function of money is that money must serve as a **standard of deferred payment**. This means that if money is usable today to make purchases, it must also be acceptable to make purchases today that will be paid in the *future*. **Loans** and future agreements are stated in monetary terms and the standard of deferred payment is what allows us to buy goods and services today and pay in the future. So **money** serves all of these functions – it is a medium of exchange, store of value, unit of account, and standard of deferred payment.

Money is what people in a society regularly use when purchasing or selling goods and services. If money were not available, people would need to barter with each other, meaning that each person would need to identify others with whom they have a double coincidence of want – that is, each party has a specific good or service that the other desires. Money serves several functions: a medium of exchange, a unit of account, a store of value, and a standard of deferred payment.

Post-Reading Activity

15. Match then look in the text to check your answers.

a) exchange	1) buy
b) barter	2) two parties each hold an item the other *wants*
c) double coincidence of wants	3) exchange them for other goods, rather than selling them for money
d) purchase	4) give things to each other at the same time
e) medium of exchange	5) purchasing power
f) store of value	6) allowing goods and services to be acquired now and paid for in the future
g) unit of account	7) a sum of money that you borrow
h) standard of deferred payment	8) something that is used to pay for goods or services
i) loan	9) an asset that can be saved, retrieved and exchanged at a later time
j) buying power	10) a standard monetary unit of measurement of value/cost of goods, services, or assets

16. Use the words from the list to complete below sentences.

1. The government wants to make it easier for small businesses to get bank ____________________.
2. Money is used as a ____________________ because both the buyer and the seller understand the value.
3. A nation's currency must be a reasonable ______________ for its economy to function smoothly.
4. One of the most important characteristics of money is that it serves as a ________________.
5. In economics, _________________________ is a function of money.
6. Inflation decreases consumer __________________.
7. If the car you have leased is clearly unsatisfactory, you can always _____________________ it for another.

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8. This week he is to visit China to discuss the ____________ of military supplies.
9. The explorers used blankets and other supplies for ______________ to get food from the local tribes.
10. ____________________ means that both of the parties have to agree to sell and buy each commodity.

17. Comprehension Questions.

Multiple Choice:

1. What does the “double coincidence of wants” mean?.
   a. Both parties want the same item.
   b. Each party wants what the other has to offer.
   c. A coincidence that occurs during trade.
   d. Two people meeting by chance.
2. Why is money considered to be a “store of value”?.
   a. It holds its value over time.
   b. It can only be used for immediate purchases.
   c. It always increases in value.
   d. It prevents inflation.

18. Give a Short Answer:

1. Why is the barter system inefficient in a modern economy?
2. List the four main functions of money described in the text.

19. Summarization.

One-Sentence Summary:

Ask students to summarize each section of the text in one sentence. For example:

Barter and the Double Coincidence of Wants: “The barter system is inefficient because it requires a mutual desire for goods or services between two people, which is difficult to achieve in modern economies.”

Paraphrasing Challenge:

Have students rewrite the definition of each function of money in their own words.

20. Critical Thinking and Analysis

Debate Prompt:

Divide the auditorium into two groups: one argues that the barter system can still work in certain societies, and the other argues that money is essential for economic growth.

Reflection Questions:

1. How does the text explain the importance of money in a complex economy?
2. Do you think the functions of money have changed with the rise of digital currencies? Why or why not?

21. Application Activities.

Case Study:

Imagine a society that only uses the barter system. Write a short story or dialogue showing how people exchange goods and the challenges they face.

Real-Life Connection:

Research and present examples of alternative forms of money (e.g., Bitcoin, shells, or community currencies). Explain how they meet or fail to meet the four functions of money.

22. Visual Representation.

Graphic Organizer:

Create a table comparing the barter system and money. Include categories such as efficiency, scalability, and ability to store value.

Mind Map:

Have students create a mind map that links the four functions of money with real-world examples (e.g., “store of value” → savings account).

23. Problem-Solving Scenarios.

What Would You Do?:

Scenario 1: You live in a world without money. How would you trade for food, clothing, and housing? What challenges might arise?

Scenario 2: Inflation causes money to lose its value rapidly. How would this affect the store of value function of money?

Group Discussion:

Discuss how digital payments and cryptocurrencies fit the definitions and functions of money.

24. Reflection and Personal Opinion.

Journal Entry:

1. Write about a time when you traded or bartered for something. How did it compare to using money?
2. In your opinion, which function of money is the most important? Why?

25. Quiz or Worksheet.

Create a short quiz with a mix of multiple choice, true/false, and short answer questions based on the text. Example questions:

1. True or False: Shoes are a good store of value in the barter system.
2. Explain why the barter system might limit economic growth.
3. Identify and define one function of money.

A Closer Look

26. Walk around the auditorium and talk to other students about functions of money. Change partners often and share your findings.

1. What are the four functions served by money?
2. How does the existence of money simplify the process of buying and selling?
3. What is the double-coincidence of wants?
4. Can you name some item that is a store of value, but does not serve the other functions of money?

27. Critical Thinking Questions.

1. What role might technology play in our definition of money?
2. Imagine that you are a barber in a world without money. Explain why it would be tricky to obtain groceries, clothing, and a place to live.

Language Spot

Talking about obligation

Watch these examples with the rules. *I must send that email tomorrow.*

You don't have to come to the meeting. You mustn't smoke in this meeting room. I have to do a lot of research in my job. You must show your passport at the gate.

We use *must* in rules

1______________________________

or to say when things are necessary *We must work harder.*

We use *must* to talk about obligation in the future

2______________________________

We use you *must* to recommend something *You must visit their website.*

have to

We use *have to* to talk about things that people oblige us to do

3______________________________ mustn't

We use *mustn't* to say it is necessary that you do not do something

4________________________________

don't have to

We use *don't have to* to say something is not necessary

5_________________________________

Note: Use must + verb not must to + verb

Speaking Point

28. At Google's Mountain View headquarters in California, employees:

– get free breakfast, lunch and dinner in a choice of 18 cafes
– can exercise in four different gyms
– can bring their pets to work
– have free use of electric cars to shopping at lunchtime
– can have a nap in specially designed sleeping pods
– can have free consultations with the in-company doctor
– get a free massage on their birthday

29. Your company wants to find ways of attracting new employees and keeping them.

Work with a partner. Make a list of six benefits you would like to offer staff. You can include ideas from Google, but also add your own. Think about following points:

– benefits to the employee

– benefits to the company
– cost of offering each benefit
– possible problems

30. Work with a new partner. Compare your and explain why you chose these benefits. Decide on the three best ideas.

Unit Project

31. Go on the internet and find answers of the following questions.

1. What is the oldest form of money? What is the newest?
2. What are the advantages and disadvantages of each kind?
3. Why do you think farm animals and tobacco were used as money?
4. Why did people start to use bank loans and credit cards to pay for things?

UNIT 6 HOW BUSINESSES RAISE FINANCIAL CAPITAL

Focus on the Topic

1. Work with a partner. Discuss these questions.

1. What is the safest way to *raise capital* for a *business*?
2. Do you think that borrowing *money* is always a risk?
3. Have you ever taken out a loan in your life? What was it for?
4. Have you ever attempted to use crowd funding? Would you consider doing so?
5. Is it a good idea to borrow from family members to develop a business?

Pre-Reading Activity

2. Discussion Questions. Ask students to discuss these questions in pairs or small groups:

1. What do you think life would be like without money?
2. How do people decide what something is worth?
3. What challenges might arise if we had to trade goods instead of using money?

Invite groups to share their thoughts with the auditorium.

3. Vocabulary Preview. Introduce key terms from the text and discuss their meanings:

– Barter
– Double coincidence of wants
– Medium of exchange
– Store of value
– Unit of account
– Standard of deferred payment

Activity: Provide students with example sentences missing these terms and have them fill in the blanks.

4. Prediction Activity. Write the title of the text ("Defining Money by Its Functions") on the board.

Ask students:

What do you think this text will explain?
How might money be defined by what it does rather than what it is?

5. Scenario-Based Introduction.

Present this scenario:

Imagine you're on an isolated island where money doesn't exist. What system would you use to trade items like food, clothing, or tools?

Have students write short responses or discuss in small groups. Connect their responses to the idea of a barter system.

Brainstorming Activity

6. Ask students to brainstorm a list of what people have used as money in different cultures (e.g., shells, beads, coins, digital currency).

Discuss:
1. Why do you think these items were used as money?
2. What qualities make something a good form of money?

7. Think-Pair-Share.

Pose the question:

Why do you think bartering was eventually replaced by money in most economies?

Have students first think independently, then discuss with a partner, and finally share their ideas with the auditorium.

8. Skimming Activity.

Provide students with the text and give them 3–5 minutes to skim it.

Ask: What are the main headings or sections?

What do you notice about the structure of the text?

9. Engaging Quote.

Share this quote from the text:

"You cannot eat money or wear your bank account."

Ask students:
1. What do you think this means?
2. How does it relate to the purpose of money?

10. Read the text and see if any of your ideas from the discussion you had mentioned.

How Businesses Raise Financial Capital

Companies often make decisions that involve spending money in the present and expecting to earn profits in the future. Examples include when a company buys a machine that will last 10 years, or builds a new plant that will last for 30 years, or starts a research and development project. Companies can raise the financial capital they need to pay for such projects in four main ways: (1) from early– stage investors; (2) by reinvesting profits; (3) by borrowing through banks or bonds; and (4) by selling **stock**. When owners of a business choose sources of financial capital, they also choose how to pay for them.

Early Stage Financial Capital

Companies that are just beginning often have an idea or a prototype for a product or service to sell, but few customers, or even no customers at all, and thus are not earning profits. Such companies face a difficult problem when it comes to raising financial capital: How can a company that has not yet demonstrated any ability to earn **profits** pay a rate of return to financial investors?

For many small businesses, the original source of money is the owner of the business. Someone who decides to start a restaurant or a gas station, for instance, might cover the startup costs by **dipping into** his or her own bank account, or by borrowing money. Alternatively, many cities have a network of well-to-do individuals, known as "angel investors", who will put their own money into small new companies at an early stage of development, in exchange for owning some portion of the company.

Profits as a Source of Financial Capital

If companies are earning profits (their revenues are greater than costs), they can choose to reinvest some of these profits in equipment, structures, and research and development. For many established companies, reinvesting their own profits is one primary source of financial capital. Companies and firms just getting started may have numerous attractive investment opportunities, but few current profits to invest.

Even large companies can experience a year or two of earning low profits or even suffering **losses**, but unless the company can find a steady and reliable source of financial capital so that it can continue making real investments in tough times, the company may not survive until better times arrive. Companies often need to find sources of financial capital other than profits.

Borrowing: Banks and Bonds

When a company has a record of at least earning significant revenues, and better still of earning profits, the company can make a credible promise to pay interest, and so it becomes possible for the company to borrow money. Companies have two main methods of **borrowing**: banks and bonds.

A bank loan for a company works in much the same way as a loan for an individual who is buying a car or a house. The company borrows an amount of money and then promises to repay it, including some rate of interest, over a **predetermined** period of time. If the company fails to make its loan payments, the bank (or banks) can often require it to sell its buildings or equipment to make the loan payments. Another source of financial capital is a bond. A **bond** is a financial contract: a borrower agrees to repay the amount that was borrowed and also a rate of interest over a period of time in the future. A **corporate bond** is issued by companies, but bonds are also issued by various levels of government. A bond specifies an amount that will be borrowed, the interest rate that will be paid, and the time until repayment.

Bank borrowing is more customized than issuing bonds, so it often works better for relatively small companies. The bank can get to know the company extremely well-often because the bank can monitor sales and **expenses** quite accurately by looking at deposits and withdrawals. Relatively large and well-known companies often issue bonds instead. They use bonds to raise new financial capital that pays for investments, or to raise capital to pay off old bonds, or to buy other companies.

Those who buy the stock become the owners, or **shareholders**, of the firm. **Stock** represents ownership of a firm; that is, a person who owns 100% of a company's stock, by definition, owns the entire company. The stock of a company is divided into **shares**. Corporate giants like IBM, AT&T, Ford, General Electric, Microsoft, Merck, and Exxon all have millions of shares of stock. In most large and well-known firms, no individual owns a majority of the shares of the stock. Instead, large numbers of shareholders "even those who hold thousands of shares" – each have only a small slice of the overall ownership of the firm.

When a company is owned by a large number of shareholders, there are three questions to ask:

1. How and when does the company get money from the sale of its stock?
2. What rate of return does the company promise to pay when it sells stock?
3. Who makes decisions in a company owned by a large number of shareholders?

First, a company receives money from the sale of its stock only when the company sells its own stock to the public (the public includes individuals, mutual funds, insurance companies, and pension funds). A company's first sale of stock to the public is called an **initial public offering (IPO)**. The IPO is important for two reasons. For one, the IPO, and any stock issued thereafter, such as stock held as **treasury** stock (shares that a company keeps in their own treasury) or new stock issued later as a secondary offering, provides the funds to repay the early-stage investors. A second reason for the importance of the IPO is that it provides the established company with financial capital for a substantial expansion of its operations.

When a firm decides to sell stock, which in turn can be bought and sold by financial investors, it is called a **public company**. Shareholders own a public company. Since the shareholders are a very broad group, often consisting of thousands or even millions of investors, the shareholders vote for a board of directors, who in turn hire top executives to run the company on a day-to-day basis. The more shares of stock a shareholder owns, the more votes that shareholder is entitled to cast for the company's board of directors.

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12. Match then look in the text to check your answers.

a) stock	1) the money that something costs you
b) profit	2) take something or use it for a period of time
c) dip into	3) take money from amount you have saved
d) loss	4) a collection of valuable old objects such as gold coins and jewels
e) borrow	5) the many equal parts into which its ownership is divided
f) bond	6) an amount of money that you gain
g) expenses	7) the fact of no longer having something
h) shareholder	8) an owner of shares in a company
i) share	9) a certificate of debt that is issued by a government or corporation in order to raise money treasure
j) predetermined	10) form or nature of it was decided by previous events or by people rather than by chance

13. Use the words from the list to complete below sentences.

1. They faced a period of some months when the ____________ price would remain fairly static.
2. You can improve your chances of ________ by sensible planning.
3. The company said it will stop producing fertilizer in 1990 because of continued ______________.
4. The eight-year ___________ will bear annual interest of 10.5%.
5. There are many aspects that were _______________.
6. Each ______________ had an equal say in the company's decision making process.
7. I had *to* ______________ my savings *to* pay for the repairs.
8. It was not a fortune but would help to cover household ______________.
9. He wouldn't let me _____________ his clothes.
10. It was here, the buried _______________, she knew it was.

Post-Reading Activity

14. Answer the following questions based on the text:

1. What is a bond, and how does it work?

2. How does bank borrowing differ from issuing bonds?
3. What is the role of shareholders in a company?
4. Why is an Initial Public Offering (IPO) significant for a company?
5. How do shareholders influence the management of a public company?

15. Vocabulary Practice. Fill in the blanks using the words: bond, shareholders, IPO, financial capital, board of directors.

1. A ______ is a financial contract where the borrower agrees to repay the borrowed amount with interest.
2. When a company sells stock to the public for the first time, it is called an ______.
3. ______ are individuals or entities that own shares of a company.
4. Companies issue bonds or sell stock to raise ______.
5. The ______ is elected by shareholders to oversee the company's operations and hire executives.

16. True or False. Decide whether the following statements are True or False:

1. Bonds are issued only by companies.
2. Bank borrowing is often more suitable for small companies than issuing bonds.
3. Shareholders who own more shares have more voting power in a public company.
4. A company receives money every time its stock is traded on the stock market.
5. The IPO is important for repaying early-stage investors and expanding operations.

17. Short Writing Activity.

Imagine you are the CEO of a company. Write a short paragraph explaining why you would choose to issue bonds instead of selling stock to raise money.

18. Discussion Questions

1. What are the risks and benefits of being a shareholder in a public company?

2. Why might a company prefer bank borrowing over issuing bonds?
3. In your opinion, is it better for a company to raise money through an IPO or through bonds? Why?

19. Flowchart Activity.

Create a flowchart illustrating the steps a company takes to:
1. Issue a bond.
2. Conduct an IPO.

20. Reflection.

Reflect on the following:
– Did this text change the way you think about bonds, stocks, or financial management? If so, how?
– What was the most surprising or interesting fact you learned from this text?

A Closer Look

21. How Businesses Raise Financial Capital: Walk around the auditorium and talk to other students about the topic.

1. What are the most common ways for start-up companies to raise financial capital?
2. Why can companies not just use their own profits for financial capital, with no need for outside investors?
3. Why are banks more willing to lend to well-established companies?

22. Look back at the text to answer the following questions.

1. What is a bond?
2. When do companies receive money from the sale of stock in their company and when do they not receive money?
3. What is a dividend?
4. How do the shareholders who own a company choose the actual managers of the company?

23. Critical Thinking Questions.

1. If you owned a small company that had become somewhat established, but you needed a surge of financial capital to carry out a major expansion, would you prefer to raise the funds through borrowing or by issuing stock? Explain your choice.

2. Explain how a company can fail when the safeguards that should be in place fail.
3. Friends of the Earth International was set up in 1971. The charity is concerned with all issues that have a negative effect on the environment.

A Few statistics

– The average temperature across the world has risen by 0.74° C in the past 100 years.
– The sea level is rising 3.24 mm each year.
– Organising campaigns to raise awareness of environmental issues like Climate Change.

Giving your opinion	**Disagreeing**
I think that.... I'm convinced that.... As I see it.... Personally, I believe... In my opinion.... It's clear to me that...	I take your point, but... I understand what you are saying but... I wouldn't say that. I don't agree at all. I see what you mean, but ... But surely...?
Emphasising a point	**Persuading**
I'd like to stress the point that...	But surely you can see that.?
I'd to highlight...	Just stop and think for a moment.
Can I emphasise the fact that...?	Try to see things from my point of view.
It's important to remember that...	I can tell you from experience that.
The crucial point is.	If you look at the evidence.
This supports my argument that...	But you can't deny that.

Language Spot

First Conditional

The first conditional is used to talk about real or likely situations in the future and their possible outcomes. It follows this structure:

Structure

If + present simple, will + base verb

Examples

1. If the company issues bonds, it will raise financial capital.
2. If shareholders vote for a new board of directors, the management will change.
3. If a company conducts an IPO, it will receive money from the public.
4. If you invest in bonds, you will earn interest over time.
5. If the bank monitors a company's deposits, it will better understand its financial situation.

Negative First Conditional

1. If the company doesn't issue new shares, it won't have enough money for expansion.
2. If investors don't trust the bond, they won't buy it.

Question Form

1. What will happen if the company fails to repay its bonds?
2. Will the shareholders vote for a new CEO if the company underperforms?

First Conditional Exercises

24. Complete the Sentences. Fill in the blanks using the correct form of the verbs in parentheses.

1. If the company _____ (issue) new shares, it _____ (raise) more capital.
2. If shareholders _____ (not vote) for the proposal, the decision _____ (not pass).
3. The bank _____ (approve) the loan if the company _____ (provide) financial statements.
4. If you _____ (invest) in bonds, you _____ (earn) a steady return.
5. The CEO _____ (resign) if the board _____ (demand) it.

25. Rewrite the following sentences to use the first conditional:

1. The company might sell stocks. It will gain more funds.
2. The bank needs the financial report. Otherwise, it won't approve the loan.
3. Shareholders need to vote in favor. The decision will not pass otherwise.

26. Multiple Choice. Choose the correct answer:

1. If the company sells more bonds, it ___. a) raises more capital b) will raise more capital c) raised more capital
2. If the investors ___, they won't trust the company. a) lose confidence b) will lose confidence c) lost confidence

27. Create Your Own Sentences.

Write your own sentences using the first conditional. Use these prompts:

1. If a company...
2. Shareholders will...
3. The bank won't...

28. Error Correction.

Find and correct the errors in these first conditional sentences:

1. If the company sell shares, it gains more investors.
2. The board of directors will hire a new CEO if the profits will decline.
3. If the firm issues bonds, investors bought them quickly.

29. Dialogue Practice.

Write a short dialogue using the first conditional. Example: Person A: What will happen if the company issues more shares? Person B: If the company issues more shares, it will dilute the ownership of current shareholders.

30. Complete the sentences. Fill in the blanks with the correct form of the verb in parentheses to complete the first conditional sentence.

1. If it ___________ (rain) tomorrow, we ___________ (stay) at home.
2. If I ___________ (have) time, I ___________ (go) to the gym.
3. If you ___________ (study) hard, you ___________ (pass) the exam.
4. If we ___________ (leave) now, we ___________ (arrive) on time.
5. If she ___________ (not hurry), she ___________ (miss) the train.
6. If they ___________ (not hurry), they ___________ (be) late.
7. If I ___________ (see) him, I ___________ (tell) him to call you.
8. If you ___________ (not eat) breakfast, you ___________ (feel) tired during the day.

31. Choose the correct answer.

1. If you __________ (call) me, I __________ (help) you.
   a) call, help
   b) called, would help
   c) calls, helps
2. If we __________ (arrive) early, we __________ (catch) the beginning of the show.
   a) arrive, catch
   b) arrives, catches
   c) arrived, would catch
3. If it __________ (snow) tomorrow, we __________ (build) a snowman.
   a) snows, will build
   b) snow, build
   c) will snow, build
4. If she __________ (invite) me, I __________ (attend) her party.
   a) invites, will attend
   b) invited, would attend
   c) will invite, attend
5. If they __________ (work) hard, they __________ (finish) the project on time.
   a) work, will finish
   b) works, finishes
   c) worked, would finish

32. Create your own sentence.

1. If I / study / I / pass / the test
2. If it / be / sunny / we / go / to the beach
3. If she / invite / me / I / go / to the party
4. If they / work / hard / they / succeed
5. If we / leave / now / we / arrive / on time

33. Change the following sentences to the first conditional form:

Eg.: I don't have enough money, so I can't buy the ticket.
If I have enough money, I will buy the ticket.

1. I'm not hungry now, so I'm not going to eat lunch.

2. He doesn't study, so he isn't going to pass the test.
3. The weather is bad, so we won't go for a walk.

34. Match the sentences

Match the first part of the sentence (1– 5) with the correct second part (a– e) to form a first conditional sentence.

1. If it's cold tomorrow,	a) we will go swimming.
2. If I don't finish my homework,	b) she will be late.
3. If we get there early,	c) I will call you.
4. If she doesn't hurry,	d) I will wear a jacket.
5. If they study hard,	e) they will pass the test.

35. Market research can save your business from disaster, but only if you get your techniques right. Ask the right people.

Tips for Market Research

1. If you __________1 (choose) the wrong sample group. Your results ____________2 (not reflect) the opinions of your consumers.
2. If you _____________3 (write) confusing questions, you __________ 4 (get) the wrong answers!

Keep the interviewee interested!

3. If you ___________5 (ask) too many questions, the interviewee ___________6 (become) bored.

Provide some space for personal answers!

4. Unless people ___________7 (have) space to write notes, you _____________8 (miss out) on valuable information.

Try out your questionnaire!

5. If a colleague ____________9 (complete) the questionnaire before you send it out, you _____________10 (find out) it works.

Unit Project

36. Work in groups. *You are entrepreneurs with a new business idea and you plan to raise money via a crowdfunding (funding a project or venture by raising small amounts of money from a large number of people, typically via the internet) website. Discuss and make notes about these questions.*

1. What is your business idea?

2. What kind of investors will you attract, e.g. new or established businesses or specialist businesses?
3. How much capital will you need to raise?
4. What will the investors receive in return, e.g. a gift or shares in the business?

– Present your ideas to the rest of the auditorium.
– Decide which group is offering the best investment opportunity.

UNIT 7
THE ROLE OF BANKS

Focus on the Topic

1. Work with a partner. Discuss these three questions.

1. Are banks the best place to keep your money?
2. What banking services do you like most?
3. How can you avoid overdrafts and overdraft fees?

Pre-Reading Activity

2. Vocabulary Preview. Before reading, match the following terms with their definitions:

1. Assets	a) The value of all things owned by a bank or individual, including loans, bonds, and cash.
2. Liabilities	b) Money that a bank must set aside and not loan out.
3. Net worth	c) The financial obligations or debts a bank owes to others.
4. Interest rates	d) The amount of money a bank or individual has after subtracting liabilities from assets.
5. Diversify	e) The percentage of interest paid on loans or deposits.
6. Reserves	f) To spread out investments to reduce risk.

3. True or False Questions. Read the following statements and decide whether they are true or false based on what you expect from the reading:

1. Banks make money by providing loans and accepting deposits.
2. A bank's reserves are part of its liabilities.
3. Banks create money in the economy through lending.
4. A bank's liabilities are always greater than its assets.
5. Banks only invest in loans, not bonds or reserves.

4. Discussion Questions. Before reading, discuss these questions with a partner:

1. What do you think a bank's balance sheet might look like? What would be included under assets and liabilities?

2. Why do you think banks keep a portion of their deposits as reserves?
3. How do you think banks can manage the risk of having a negative net worth?
4. How do you think a bank's interest rate decisions can affect the economy?

5. Predictions.

Looking at the title "What Happens During a Recession", predict how banks and their activities might change during an economic downturn. Write down three possible changes you expect to read about in the text.

Brainstorming Activity

6. List the following financial concepts in a table and brainstorm what you know about them:

– loans
– deposits
– interest rates
– assets
– liabilities
– net worth

7. Quick Survey. Survey a partner or auditoriummate and ask them the following questions:

1. Have you ever heard of the term "financial intermediary"? What do you think it means?
2. Do you know what happens to banks when a large number of people default on loans? What could happen to the bank's stability?

These exercises will help you activate your background knowledge and prepare you for the text about the role of banks and their operations in the economy.

8. Read the text and see if any of your ideas from the discussion you had mentioned.

The Role of Banks

The late bank robber named Willie Sutton was once asked why he robbed banks. He answered, "That's where the money is." While this may have been true at one time, from the perspective of modern economists, Sutton is both right and wrong. He is wrong because the overwhelming majority of money in the economy is not in the form of currency sitting in vaults or drawers at banks, waiting for a robber to appear. Most money is in the form of bank accounts, which exist only as electronic records on computers. From a broader perspective, however, the bank robber was more right than he may have known. Banking is intimately interconnected with money and consequently, with the broader economy.

Banks make it far easier for a complex economy to carry out the extraordinary range of **transactions** that occur in goods, labor, and financial capital markets. Imagine for a moment what the economy would be like if all payments had to be made in cash. When shopping for a large purchase or going on vacation you might need to carry hundreds of money in a pocket or purse. Even small businesses would need stockpiles of cash to pay workers and to purchase supplies. A bank allows people and businesses to store this money in either a checking account or **savings account**, for example, and then withdraw this money as needed through the use of a direct withdrawal, writing a check, or using a **debit card**.

Banks are a critical intermediary in what is called the payment system, which helps an economy exchange goods and services for money or other financial assets. Also, those with extra money that they would like to save can store their money in a bank rather than look for an individual that is willing to borrow it from them and then **repay** them at a later date. Those who want to borrow money can go directly to a bank rather than trying to find someone to lend them cash. Transaction costs are the costs associated with finding a **lender** or a borrower for this money. Thus, banks lower transactions costs and act as financial intermediaries – they bring savers and borrowers together. Along with making transactions much safer and easier, banks also play a key role in the creation of money.

Banks as Financial Intermediaries

An "intermediary" is one who stands between two other parties. Banks are a **financial intermediary** – that is, an institution that operates between a saver who deposits money in a bank and a borrower who receives a loan from that bank.

A Bank's Balance Sheet

A **balance sheet** is an accounting tool that lists assets and liabilities. An **asset** is something of value that is owned and can be used to produce something. For example, the cash you own can be used to pay your tuition. If you own a home, this is also considered an asset. A **liability** is a **debt** or something you owe. Many people borrow money to buy homes. In this case, a home is the asset, but the **mortgage** is the liability. The **net worth** is the asset value minus how much is owed (the liability). A bank's balance sheet operates in much the same way. A bank's net worth is also referred to as **bank capital**. A bank has assets such as cash held in its vaults, monies that the bank holds at the reserves, loans that are made to customers, and bonds. The net worth of a bank is defined as its total assets minus its total liabilities. For a financially healthy bank, the **net worth** will be positive. If a bank has negative net worth and depositors tried to withdraw their money, the bank would not be able to give all depositors their money

How Banks Go Bankrupt

A bank that is bankrupt will have a negative net worth, meaning its assets will be worth less than its liabilities. How can this happen? Again, looking at the balance sheet helps to explain.

A well-run bank will assume that a small percentage of borrowers will not repay their loans on time, or at all, and factor these missing payments into its planning. Remember, the calculations of the expenses of banks every year includes a factor for loans that are not repaid, and the value of a bank's loans on its balance sheet assumes a certain level of riskiness because some loans will not be repaid. Even if a bank expects a certain number of loan **defaults**, it will suffer if the number of loan defaults is much greater than expected, as can happen during a recession.

Key Concepts and Summary

Banks facilitate the use of money for transactions in the economy because people and firms can use bank accounts when selling or buying goods and services, when paying a worker or being paid, and when saving money or receiving a loan. In the financial capital market, banks are financial intermediaries; that is, they operate between savers who supply financial capital and borrowers who demand loans. A balance sheet is an accounting tool which lists assets in one column and liabilities in another column. The liabilities of a bank are its deposits.

The assets of a bank include its loans, its ownership of bonds, and its reserves (which are not loaned out). The net worth of a bank is calculated by subtracting the bank's liabilities from its assets. Banks run a risk of negative net worth if the value of their assets declines.

The value of assets can decline because of an unexpectedly high number of defaults on loans, or if interest rates rise and the bank suffers an asset-liability time mismatch in which the bank is receiving a low rate of interest on its long-term loans but must pay the currently higher market rate of interest to attract depositors. Banks can protect themselves against these risks by choosing to diversify their loans or to hold a greater proportion of their assets in bonds and reserves. If banks hold only a fraction of their deposits as reserves, then the process of banks' lending money, those loans being re-deposited in banks, and the banks making additional loans will create money in the economy.

9. Match then look in the text to check your answers.

a) transaction	1) pay back the money that you owe
b) saving	2) an economy of or reduction in money, time, or another resource
c) account	3) fail to do
d) debit card	4) A transaction is a piece of business, for example an act of buying or selling something
e) repay	5) a bank card that can be used to pay for things
f) lender	6) an arrangement with a bank to hold money and keep records of transactions
g) debt	7) the value of the assets a person or corporation owns
h) mortgage	8) a sum of money that you owe someone
i) net worth	9) a loan of money which you get from a bank or building society in order to buy a house
j) default	10) a person or an institution that lends money to people

145.0 x 215.0 mm

10. Now use the words from the list to complete below sentences.

1. It was very kind. I don't know how I can ever ______________ you.
2. In an ordinary commercial ______________ a delivery date is essential.
3. Companies use debt restructuring in order to avoid _____________ on the existing debt or to take advantage of an interest-rate decrease.
4. Some banks make it difficult to open an ________________.
5. The ___________ balance must be paid in full by the end of each month.
6. His _______________ was recently estimated at more than 800 million.
7. He was already deeply in ______________ through business losses.
8. He will have to take out a __________________ in order to buy the house.
9. One of these is micro-lending, which directly connects the ______________ with the borrower and which the Internet has made appealingly easy and personal.
10. This trip took all his _________________.

Post-Reading Activity

11. Answer the questions:

1. Why did Willie Sutton rob banks, according to the text?
2. What is the primary difference between money in the form of currency and money in a bank account?
3. What would the economy be like if all payments had to be made in cash, according to the text?
4. How do banks act as financial intermediaries?
5. Explain what a balance sheet is and how it applies to a bank.
6. What can cause a bank to go bankrupt?
7. What are some of the risks banks face, and how do they protect themselves?
8. What role do banks play in the creation of money in the economy?

12. Vocabulary Questions:

1. What is an "intermediary" in the context of banking?
2. Define "balance sheet" and give an example of an asset and a liability.
3. What is meant by "net worth" in a bank's financial context?
4. What are "transaction costs", and how do banks help reduce them?
5. What does it mean if a bank's net worth is negative?

13. True or False.

1. Willie Sutton was correct when he said banks are where the money is, but for different reasons than he thought.
2. Banks help make transactions easier by allowing cash payments instead of using electronic records.
3. A bank's assets include loans made to customers, cash held in reserves, and bonds.
4. If a bank's assets decline in value, it can lead to negative net worth.
5. Banks cannot create money in the economy.

14. Critical Thinking.

1. If all businesses were required to keep physical cash instead of using electronic bank records, what challenges might arise?
2. What are some potential problems that could occur if a bank does not diversify its loans or hold enough reserves?
3. In what ways could an economic recession impact banks and the broader economy?

15. Application.

1. Imagine you are starting a small business. How would you use a bank to manage your finances?
2. How would you explain the concept of a balance sheet to someone unfamiliar with banking?
3. What might happen if too many borrowers default on their loans at the same time in a bank?

A Closer Look

16. Walk around the auditorium and talk to other students about the role of banks.

1. Why is a bank called a financial intermediary?
2. What does a balance sheet show?
3. What are the assets of a bank? What are its liabilities?
4. How do you calculate the net worth of a bank?
5. What is the risk if a bank does not diversify its loans?

17. Change partners often and share your findings.

Critical Thinking Questions

Explain how a bank would characterize deposits and loans as assets and liabilities on its balance sheet.

Language Spot

Second Conditional sentences talk about things that are unlikely, or untrue future situations. The second conditional is used to talk about hypothetical or unreal situations in the present or future, and their possible outcomes. It's often used to express things that are unlikely, imaginary, or contrary to reality.

Structure:

If + Past Simple, + would + base verb

Example: If I had more money, I would travel around the world.

Common uses:

1. Unreal or unlikely situations in the present or future:

If I were you, I would talk to her. (But I'm not you.)

If she studied harder, she would pass the exam. (But she doesn't study hard.)

2. Imaginary situations:

If I lived in Paris, I would visit the Eiffel Tower every day. (But I don't live in Paris.)

3. Polite requests or suggestions:

If you would help me, I would be grateful. (More polite than asking directly.)

Key Points:

1. "If" Clause (Condition): This part of the sentence presents the hypothetical or unreal condition. It uses the Past Simple Tense.

Example: If I won the lottery... (But I haven't won it.)

The Past Tense here doesn't refer to the past. It refers to an imagined situation in the present.

2. Main Clause (Result): This part describes what would happen if the condition were true. We use "would" (or "wouldn't" for the negative) followed by the base verb.

Example: ...I would buy a big house.

How the Second Conditional Works:

Hypothetical situations in the present or future: It imagines a situation that is not real or is unlikely to happen now or in the future.

If I were a bird, I would fly across the ocean. (But I'm not a bird.)

If he studied harder, he would get better grades. (But he doesn't study hard.)

Imaginary or impossible situations: The second conditional is often used to express things that are not possible because they go against the current reality.

If I could turn back time, I would fix my mistakes. (I can't turn back time.)

If I had a time machine, I would visit the future. (I don't have a time machine.)

Some More Examples:

1. Unlikely situations:

If I lived in a big city, I would have more job opportunities. (But I live in a small town, so it's unlikely.)

2. Imaginary wishes:

If I knew the answer, I would tell you. (I don't know the answer, but I'm imagining what would happen if I did.)

3. Polite requests or offers (especially with "would"):

If you would help me with this task, I would be very grateful. (This is a polite, hypothetical way of asking for help.)

If you would like to join us, you are welcome. (Offering in a polite way.)

Common Mistakes to Avoid:

1. Using the wrong tense:

Incorrect: If I will see her, I will talk to her. Correct: If I saw her, I would talk to her. (In a hypothetical situation, we use the past simple, not "will".)

2. Using "was" instead of "were" (for the verb "to be" in unreal situations):

If I were rich, I would buy a yacht. (Not "was" when using "I" or "he/she/it.")

This is known as the "subjunctive mood",which is more formal but widely used in both spoken and written English.

When to Use the Second Conditional:

Imagining unreal situations:

If I had a superpower, I would help the world.

Discussing unlikely or improbable possibilities:

If you went to space, you would see the Earth from above.

Second Conditional Exercises

18. Fill in the blanks with the correct form of the verb in parentheses to complete the second conditional sentence.

1. If I ___________ (be) you, I ___________ (study) harder.
2. If we ___________ (have) more time, we ___________ (go) on vacation.
3. If she ___________ (not be) so busy, she ___________ (help) us.
4. If I ___________ (win) the lottery, I ___________ (buy) a new house.
5. If they ___________ (speak) Spanish, they ___________ (understand) the movie.
6. If you ___________ (ask) me, I ___________ (give) you some advice.
7. If he ___________ (live) in Paris, he ___________ (visit) the Eiffel Tower more often.
8. If I ___________ (know) the answer, I ___________ (tell) you.

19. Choose the correct answer.

1. If I __________ a car, I would drive to work.
   a) have
   b) had
   c) will have
2. If she __________ more money, she would travel the world.
   a) has
   b) had
   c) will have
3. If we __________ a bigger house, we would invite more friends.
   a) have
   b) had
   c) will have
4. If I __________ you, I wouldn't be worried about the exam.
   a) am
   b) was
   c) were
5. If they __________ harder, they would have passed the test.
   a) study
   b) studied
   c) will study

20. Make your own sentence.

1. If I / win / a million dollars
2. If he / speak / French
3. If we / be / best friends
4. If they / have / more time
5. If I / see / a celebrity

21. Correct the mistake. Find and correct the mistake in the following sentences.

1. If I was you, I would accept the offer.
2. If we would have a better plan, we could win.
3. If I were taller, I would play basketball.
4. If he studies harder, he would pass the exam.
5. If you would help me, I will be grateful.

22. Choose the correct form. Decide whether the sentence is in the second conditional or not. If it's not, correct it.

1. If I would live in New York, I would visit Central Park every day.
2. If I were you, I would take a break.
3. If he studied harder, he will pass the exam.
4. If we had a garden, we could have a barbecue.
5. If they are on time, we would start the meeting.

23. Add the result. Complete each sentence with the correct result clause.

1. If I had more time, ___________
2. If she were here, ___________
3. If we won the game, ___________
4. If I had a pet, ___________
5. If they lived closer, ___________

24. Change to the second conditional.

1. I am not hungry, so I don't want pizza.
If I were hungry, I would want pizza.
2. I can't speak Italian, so I don't understand the movie.
If I could speak Italian, I would understand the movie.
3. They don't have a car, so they take the bus.
If they had a car, they would take a taxi.
4. She isn't studying, so she won't pass the exam.
If she studied, she would pass the exam.

Speaking Point

25. Comparing payment methods. Discussion.

Think about different payment methods. Which ones do you use the most to buy goods or services? Which ones do you use less? Why?

1	Payment type	Advantages	Disadvantages
2			
3			
4			
5			

Can you add more advantages and disadvantages for each payment type?

26. Work with a partner or in small groups. You are going to open a new business. Discuss these questions.

1. What products are going to sell?
2. Who will your customers be, and where will they be?
3. How are you going to sell your products: online, in store or a combination of the two? If you have a store, where will it be located?
4. What payment methods will you use to maximize orders and sales?
5. If it's possible to order products online, what delivery options will you offer?

27. Present you ideas to the auditorium and give feedback on their ideas.

Unit Project

28. Make research on following questions.

1. What is bartering?
2. How long have people bartered?

UNIT 8
THE STOCK MARKET

Focus on the Topic

1. Work with a partner. Discuss these three questions.

1. What is the stock market?
1. Why is the stock market important?
3. How do stocks affect the economy?

Pre-Reading Activity

2. Discussion Questions:

1. What do you know about the stock market? Have you ever heard of the term “stocks” or “shares” before? What do you think they mean?
2. Why do you think people invest in the stock market? What might be the benefits or risks of owning stock?
3. Have you ever heard of terms like “stockbroker” or “trading”? What do you think these terms refer to?

3. Vocabulary Preview. Read the following statements and decide if they are true or false. After reading the text, check your answers.

a) The stock market allows people to buy and sell ownership in companies.
b) Shareholders are people who work at a company and do not own stock.
c) When you buy stock in a company, you own a part of the company.
d) The stock market is only for people who have a lot of money.
e) A stockbroker is someone who helps you buy or sell stocks for a fee.

4. Prediction Exercise. Before reading, try to predict:

1. What kind of people or organizations might be involved in the stock market?
2. How do you think the value of stocks changes over time? What could make a stock go up or down in price?

3. These exercises aim to activate prior knowledge and prepare you for the text by introducing key vocabulary and concepts related to the stock market.

5. Word Association. Look at the words below. Write down any words or ideas that come to mind when you think about these words:

– stock
– investment
– market
– shares
– broker
– company

6. Fill-in-the-Blanks. Fill in the blanks with the correct words from the word bank:

Word Bank: *stockbroker, shares, investment, dividends, market*

1. When you buy ___________, you are purchasing a part of a company.
2. A ___________ is a person or company that helps people buy and sell stocks.
3. People make an ___________ when they use money to buy something with the expectation of making more money in the future.
4. If you own stock, you might receive ___________, which are small payments from the company based on its profits.
5. The ___________ is where stocks are bought and sold.

7. Picture Preview.

Look at a picture or a diagram of the stock market (or a simplified illustration of how stocks are traded). Based on what you see, make a list of questions you have about the stock market. Some questions might include:

– How do stocks get their value?
– What is the process for buying and selling stocks?
– How do stockbrokers help in the process?

8. Anticipation Guide.

Before reading, read these statements. Decide if you think they are true or false. After reading the text, revisit your answers and see if they have changed.

1) Only large companies are listed in the stock market.
2) When you buy stocks, you can lose money if the price of the stock goes down.
3) Stock markets operate only in the United States.
4) Shareholders can influence the decisions made by a company.
5) The stock market only exists to help companies raise money.

These exercises provide a variety of activities to stimulate thinking, engage with new vocabulary, and set the stage for understanding the key concepts in the text.

9. Read the text and see if any of your ideas from the discussion you had mentioned.

The Stock Market

In conversation, media, and the news, it's common to hear talk of "the market", short for the stock market. And while most everyone knows about the stock market, once again, few actually know what it is, how it functions, and what purposes it serves.

The stock market is the **platform** through which shares or pieces of ownership of a company are bought and sold by investors; investors who own shares of a company are referred to as **shareholders**. Thus, the stock exchange allows investors to potentially improve their worth (provided the stock price of their investments increases, or provided they receive **dividends**, or small, pre-planned payments from a company paid to shareholders), and companies to have the benefit of being publically operated, and also, for company founders to **cash-in** on stock (by selling their shares of the company once it goes public).

Trading shares is a relatively straightforward process. Through a licensed **stockbroker**, **brokerage firm**, or trading website, one simply places an order for the desired number of stock in a designated company; a small **fee** is usually paid to the party responsible for performing the trade (be it a person, firm, or website). There is always another individual looking to sell or buy a particular **stock**, given the magnitude of the exchange, and there are therefore almost never delays in the process. There are also a number of other, more complex stock purchase and sale types for buyers and sellers to choose from.

Anyone who owns stock in a company owns a piece of its **assets** relative to their share count. For example, a company with a stock limit (which is determined during an IPO, or **initial public offering**, wherein a company's initial price and stock count are set before it debuts on the exchange),of 100 (hypothetically speaking, of course) would be 25% owned by an individual who possessed 25 shares.

10. Match and then look in the text to check your answers.

a) platform	1) the act of offering the stock of a company on a public stock exchange for the first time
b) shareholder	2) to obtain advantage or financial profit
c) dividend	3) the part of a company's profits which is paid to people who have shares in the company
d) cash-in	4) a sum of money that you pay to be allowed to do something
e) stockbroker	5) all the things that a company or a person own
f) brokerage firm	6) a flat raised structure or area, usually one which something can stand on or land on.
g) fee	7) a person whose job is to buy and sell stocks and shares for people who want to invest money
h) stock	8) financial institutions that help you buy and sell securities
i) asset	9) a person who owns shares in a company
j) initial public offering	10) shares in the ownership of a company

11. Use the words from the list to complete below sentences.

1. The past year has seen four ________________________ of media stocks, and three more are expected by year end.
2. People who invest in diamonds always ________________ the benefits later.
3. ________________ charge a fee to act as intermediary between buyer and seller. 4. Jobs was the Walt Disney Company's largest individual _________________ and a former member of its Board of Directors.
4. Tuition ______________ has now increased.

5. The first quarter ________________ has been increased by nearly 4 per cent.
6. Data is one of the most critical _________________ of any business.
7. The forum will provide a ___________ for discussion of communication issues.
8. My _______________ manages my portfolio for me.
9. As ______________ prices have dropped, so too has bank capital.

Post-Reading Activity

12. Comprehension Questions:

1. What is the stock market?
2. What is the term used for individuals who own shares of a company?
3. How can investors potentially improve their worth in the stock market?
4. What is a dividend?
5. What is the role of a stockbroker, brokerage firm, or trading website
   1. in trading shares?
6. How does stock ownership relate to a company's assets?

13. Match the word to its definition.

1) Stock	a) A payment made by a company to its shareholders, usually as a portion of the company's earnings.
2) Dividend	b) A person or firm responsible for buying and selling stocks on behalf of investors.
3) Shareholder	c) A unit of ownership in a company.
4) Stockbroker	d) A process where a private company offers its shares to the public for the first time.
5) IPO (Initial Public Offering)	e) A person or entity that owns shares in a company.

14. True or False:

1. The stock market is only for companies to buy shares, not for investors.

2. Dividends are paid regularly to shareholders by every company listed in the stock market.
3. Stockbrokers are only needed for buying stocks in large companies.
4. A person who owns shares in a company has ownership of part of its assets.
5. The stock exchange guarantees that the price of a stock will always increase.

15. Fill in the Blanks.

1. The stock market allows investors to buy and sell ________ of a company.
2. A person who owns stock in a company is called a ________.
3. In an _________, a company sets its initial stock price and limit.
4. Investors can receive ________ if the company distributes part of its profits.
5. A stockbroker, brokerage firm, or trading website usually charges a ________ for their service.

16. Discussion/Opinion:

1. Do you think investing in the stock market is a good way to build wealth? Why or why not?
2. What do you think could be the advantages and disadvantages of a company going public and offering shares?
3. Have you ever considered investing in the stock market? What would make you feel confident about doing so?

17. Critical Thinking:

1. Why is it important for investors to understand how the stock market functions before getting involved?
2. What factors might influence the price of a company's stock?
3. In your opinion, how might the public nature of a company's stock impact its operations or decisions?

A Closer Look

18. Walk around the auditorium and talk to other students about the stock market.

1. What's traded on the stock market?

2. How can stock be purchased by an investor?
3. Change partners often and share your findings.

Language Spot

Usage of "Should" and "Shouldn't"

"Should" and "shouldn't" are modal verbs used to give advice, make recommendations, or express expectations. Here's a guide on how to use them:

1. Giving Advice or Recommendations:

Should: Use "should" to give positive advice or suggestions about what is a good idea or the right thing to do.

Example: You should invest in stocks carefully.

Example: He should read more about the stock market before starting to trade.

Shouldn't: Use "shouldn't" to suggest that something is not a good idea or that it is wrong.

Example: You shouldn't invest money you can't afford to lose.

Example: She shouldn't make decisions without understanding the risks.

2. Expressing Expectations or Obligations:

Should: Use "should" to indicate something that is expected or required.

Example: Investors should keep track of their stock portfolio regularly.

Example: People should understand the risks before buying stocks.

Shouldn't: Use "shouldn't" to express that something is not expected or not required.

Example: You shouldn't expect to make quick profits in the stock market.

Example: He shouldn't take unnecessary risks with his investments.

3. Expressing a Hypothetical Situation (Advice for the Future):

Should: Use "should" when talking about actions or situations that might be a good idea in the future.

Example: If you're planning to buy stock, you should start by learning about the market.

Example: If the stock price falls, you should consider buying.

Shouldn't: Use "shouldn't" to advise against a certain action or situation in the future.

Example: You shouldn't buy stock without researching the company first.

Example: He shouldn't sell his shares unless he's sure about the market trend.

Examples in Context:

You should diversify your investments to minimize risks.

They shouldn't make investment decisions based on rumors.

You should wait until the stock price is stable before purchasing more shares.

Investors shouldn't panic if the stock price temporarily drops.

Would you like some practice exercises with should and shouldn't?

19. Complete the sentences the following words:

advice ***order*** ***stronger*** ***weaker***

1. Should is ____________ than must or have to. Watch these examples with the rules.
2. I should invite my boss to the party – but I'm not going to! We use should to give an opinion or____________.
3. You should look at a trade fair's statistics.
4. You shouldn't neglect the contacts you make.

20. Complete the sentences with "Should" or "Shouldn't":

1. You __________ invest all your money in one stock.
2. If you're new to the stock market, you __________ start with small investments.
3. People __________ rely on rumors when making investment decisions.
4. He __________ consider researching a company before buying its shares.
5. Investors __________ track their investments regularly to avoid losses.

21. Choose the correct answer:

1. You __________ save some money for emergencies.
   a) should b) shouldn't
2. They __________ sell their shares in a panic when the market drops. a) should b) shouldn't
3. You __________ follow the advice of experts before making big investment decisions.
   a) should b) shouldn't
4. If you're unsure about the stock, you __________ consult a financial advisor.
   a) should b) shouldn't
5. You __________ buy stocks from a company with a history of stable growth.
   a) should b) shouldn't

22. Correct the mistake in each sentence:

1. You should spend all your money on high-risk stocks.
2. People shouldn't look at the market trends before buying shares.
3. You should make decisions based on your emotions in the stock market.
4. You shouldn't check your investments every month.
5. Investors shouldn't be patient when the stock price drops.

23. Fill in the blank with "should" or "shouldn't":

1. You __________ rush into buying stocks without understanding the risks.
2. If you are new to investing, you __________ learn about the market first.
3. Investors __________ panic if they see a small drop in the stock prices.
4. You __________ rely solely on the stock price when making decisions about selling shares.
5. If you want to reduce risk, you __________ diversify your investments.

24. Write a short advice (3-4 sentences) using "should" and "shouldn't".

25. Write some advice about investing in the stock market using "should" and "shouldn't."

26. True or False:

1. You should only invest money that you are prepared to lose.
2. You shouldn't ask for advice from professionals before buying stocks.
3. You should research the companies you are investing in.
4. You shouldn't invest in the stock market if you are not willing to take some risks.
5. You should check your portfolio daily to make decisions quickly.

27. Choose the Correct Form (Should/Shouldn't):

1. If you want to be successful in the stock market, you ________ be patient.
2. If you are new to investing, you ________ start with low-risk stocks.
3. You ________ ignore market trends when making decisions.
4. You ________ invest in a company you don't understand.
5. You ________ set financial goals before buying stocks.

28. Rewrite the Sentences Using "Should" or "Shouldn't":

1. It's a good idea to avoid investing in companies that are not performing well.
2. It's better not to sell your shares out of fear.
3. You must think carefully before deciding on your investment strategy.
4. It's wise to consult a financial advisor before making any big decisions.
5. You must diversify your portfolio to reduce risk.
6. Make Your Own Sentences Using "Should" or "Shouldn't":

Write five sentences giving advice about investing in the stock market using should and shouldn't.

29. Role-play Exercise:

Person A: Give advice to Person B about what they should or shouldn't do in the stock market.

Person B: Respond with their thoughts on the advice. (Example: "You should do more research before investing." "Yes, I agree, I should learn more about the companies.")

These exercises will help reinforce the use of "should" and "shouldn't" for giving advice, making recommendations, and expressing obligations!

Speaking Point

Products You Can't Live Without

Discussion

Think of four products you can't live without. What advantages does each product have?

Task

Work in groups. You are going to choose the greatest product of all time in these categories.

Traditional products **Modern-day products**

Agree on a list of three products for each category.

Make a list of criteria for evaluating the products in each category.

Example: easy to use, saves time

Decide on the best product in each category.

Unit Project

30. Bring in an item that you can't live without and show it to the auditorium. Talk about the following:

– The name of the item
– When it is used
– Who uses it
– Any other interesting information

UNIT 9

COMPETITION

Focus on the Topic

1. Work with a partner. Discuss these questions.

1. Is competition necessary in life?
2. What are the benefits of competition?
3. Why is important to know your competitors?

Pre-Reading Activity

2. Vocabulary Prediction:

Before reading the text, try to predict the meanings of the following words based on your existing knowledge or guess their meanings from context:

– Competition
– Market standing
– Undercut
– Reverse competition
– Oligopoly
– Profits

3. Decide if the following statements are true or false before reading the text:

1. Competition only happens between businesses in the same industry.
2. Consumers benefit from competition through lower prices and better value.
3. Reverse competition involves companies raising their prices to harm competitors.
4. An oligopoly consists of many companies working together to keep prices low.
5. Competition is always harmful to businesses.

4. Discuss the following questions in pairs or small groups before reading the text:

1. How do you think competition affects the prices of products you buy? Can you think of any examples?

2. Have you ever noticed businesses lowering their prices because of competition? What was the outcome for consumers?
3. What do you understand by the term "oligopoly"? Can you think of industries where this might apply?

5. Mind Map:

Create a mind map on the board or on paper that shows your understanding of the word competition. Include ideas about how it might affect businesses, consumers, and the economy in general. Try to add any terms or concepts you think might be related to competition, such as "profits","prices",or "business rivalry."

6. Prediction (Content).

Look at the title of the text: "Competition (Economics)." What do you think the main ideas of the text will be? Write down three predictions about what the text might discuss.

7. Ask your auditoriummates or group members the following questions:

1. Do you think businesses that compete with each other lead to lower prices? Why or why not?
2. Have you ever seen two stores or companies compete with similar products or services? What happened?
3. Can you think of any examples where businesses might cooperate instead of competing?

8. Write a short paragraph (3–5 sentences) predicting how competition could impact both consumers and businesses. Include examples based on your prior knowledge or assumptions.

9. Debate. In pairs, argue the following positions:

Position 1: Competition in business always leads to lower prices for consumers.

Position 2: Too much competition harms businesses and might lead to lower quality products for consumers.

Each side should be prepared to defend their view. After reading the text, revisit your debate and see if your opinions change.

10. Prior Knowledge Check. Answer the following questions based on what you already know:

1. What happens when two stores in the same area sell similar products? How might they compete with each other?
2. What is an example of an industry where a few large companies dominate the market (an oligopoly)?
3. How do you think businesses react when they see competitors lowering prices?

11. Word Association.

Write down as many words as you can think of that relate to competition in the economy. These might include concepts like sales, prices, profit, consumers, businesses, rivalry, or market share. After reading the text, reflect on how these words relate to the concepts discussed.

12. Picture Prompt.

Look at a picture of a busy marketplace or a grocery store with multiple brands of similar products (e.g., different brands of bread, soda, or shampoo). What do you think might happen if one brand lowers its price? What about if two brands start offering discounts? Write a few sentences about what might occur.

13. Prediction of the Author's Purpose.

Before reading, consider the following: Why do you think the author wrote this text? What message or lesson might they want the reader to take away about competition in business? Write your thoughts.

14. Pre-reading Quiz. Answer the following questions to test your initial understanding of competition in economics:

1. What is the primary purpose of competition in business?
   a. To reduce consumer choice
   b. To increase profits for businesses
   c. To give consumers lower prices and more choices
2. Which of the following is an example of reverse competition?
   a. A company selling a product for lower prices than a competitor.
   b. A business raising prices to increase profits.

c. A company purchasing an item below market price and reselling it for a profit.

3. What does an oligopoly refer to?
   a. A market dominated by many small companies.
   b. A market where businesses have the same prices.
   c. A market dominated by a few large companies that cooperate to control prices.

15. Agree/Disagree Statements. After reading the text, decide whether you agree or disagree with these statements and explain why:

1. "Competition always benefits consumers by reducing prices."
2. "In some cases, businesses cooperate in a way that harms consumers."
3. "An oligopoly can lead to higher prices for consumers."

16. Read the text and see if any of your ideas from the discussion you had mentioned.

Competition (Economics)

Customers might not think about competition when they're walking through the **grocery** store or making an online purchase, but it happens to be a **cornerstone** of business and the free economy that impacts every single thing that's bought and sold. Technically, competition consists of the **cumulative** force of actions taken by companies that're designed to improve their market standing, sales, and ultimately, profits. But really, competition is simply what allows businesses to try and get ahead of each another, and consumers to get the best possible value.

Like many business ideas, competition is best explained through an example. Imagine that a company opens a profitable **retail** location and sells bread at an enormous profit. After another company notices all the profits that're being made through bread sales in this neighborhood, they may open a store of their own and **undercut** the competition, or sell similar items or services for lower prices. The first company may respond by lowering their own prices (so they sell more bread to their former customers, who're **presumably** buying the cheaper bread), and the end result is much cheaper bread for consumers. In this way, businesses going head-to-head benefits customers.

Reverse competition, or the tendency of some businesses to purchase items that're being sold below market value (or the price that an item can reasonably be expected to sell for) and reprice them, is also a business practice that's **worth** considering. Imagine that a bread company, to limit the success of other businesses, sells their bread that's worth five dollars per loaf elsewhere for one dollar per loaf. Instead of being pushed out of the market, a competing business could recognize the **discrepancy** between the bread's value and its sale price, and then proceed to purchase all the first company's bread for one dollar and resell it for two dollars with their own label.

Lastly, an oligopoly is a style of competition wherein businesses are small in number and **coordinate** with each other to raise prices-thus making goods and services more expensive for consumers.

Post-Reading Activity

17. Match a-j to 1-10. Then look in the text to check your answers.

a) grocery store	1) sell a product more cheaply
b) cornerstone	2) a noticeable difference
c) worth	3) the activity of selling goods direct to the public, usually in small quantities
d) cumulative	4) important enough
e) retail	5) apparently
f) undercut	6) change, opposite
g) presumably	7) match or harmonize
h) reverse	8) the basic part of something
i) discrepancy	9) a retail store that sells food
j) coordinate	10) increasing or getting bigger with more additions, total

18. Use the words from the list to complete below sentences.

1. It is difficult for a small – to compete with a supermarket.
2. Research is the ________________ of the profession.
3. You will ___________________ with consultants and other departments on a variety of projects.

4. An hour in the morning is ________________ two in the evening.
5. The firm will be able to ________________ its competitors whilst still making a profit.
6. The authors are unable to discover the cause of this ______________.
7. ________________ sales grew just 3.8 percent last year.
8. He had gone to the reception desk, ________________ to check out.
9. The wrong attitude will have exactly the __________________ effect.
10. Small things have a ___________________ effect.

19 Answer the following questions to check your understanding of the text:

1. What is competition in business, and how does it affect consumers?
2. Describe the example used in the text about bread sales and how competition played a role.
3. What is reverse competition, and how does it work?
4. How does an oligopoly impact prices and consumers?
5. According to the text, how does competition ultimately benefit customers?

20. Decide whether the following statements are True or False based on the text:

1. Competition always leads to higher prices for consumers.
2. Reverse competition is when a company undercuts prices by selling products for less than their market value.
3. The text suggests that oligopolies benefit consumers by keeping prices low.
4. Competition encourages businesses to try to offer the best possible value for consumers.
5. Consumers are never harmed by oligopolies.

21. Summarize the text.

Write a brief summary (5–7 sentences) of the text. Focus on the key points discussed, such as:
– What competition is
– The effects of competition on businesses and consumers
– The concept of reverse competition
– The impact of an oligopoly on the market

22. Concept Application. Use the following terms from the text in your own examples:

– Competition
– Undercutting
– Reverse competition
– Oligopoly
– Market standing

Example: Describe a real world scenario where competition helped lower prices for consumers. Be sure to mention how businesses adjusted their prices and what the outcome was.

23. In pairs or small groups, discuss the following questions:

1. In what situations could too much competition be harmful to consumers?
2. What strategies do businesses use to outcompete each other in a competitive market?
3. How do you think competition impacts the quality of products or services in a market?
4. Can you think of any industries that have oligopolies? How do you think this affects the consumers in those markets?

24. Debate:

Revisit the debate from the pre-reading stage. After reading the text, reassess your stance on the following positions:

Position 1: Competition in business always leads to lower prices for consumers.

Position 2: Too much competition harms businesses and might lead to lower quality products for consumers.

Discuss whether your opinions have changed based on the information you learned from the text.

25. Role-Playing Exercise:

Imagine you are a business owner competing in a market with several other companies. Role-play a scenario with a partner where you must decide how to react to a competitor lowering their prices:
1. How do you respond to stay competitive?
2. Would you lower your prices, introduce a new product, or find another strategy?

Discuss how your decisions would affect the customers and your business in the long term.

26. Impact of Oligopolies:

Write a short paragraph (4–5 sentences) discussing how oligopolies affect consumers. In your answer, include:
– What an oligopoly is
– How oligopolies might raise prices
– The benefits or drawbacks to consumers in an oligopolistic market

27. Apply to Current Events:

Find a recent news article or an example from the real world where businesses in an industry have competed against each other (for example, in the technology, automotive, or retail sectors). After reading, write a brief analysis of the competition involved and whether consumers benefited from it. If there was a case of reverse competition or an oligopoly, describe it as well.

28. Critical Thinking:

Reflect on the following question and write a short answer:

Is it better for an economy to have many companies competing with each other, or for a few companies to dominate the market? Justify your opinion with examples or reasoning from the text.

A Closer Look

29. Walk around the auditorium and talk to other students about the importance of business competition.

1) What is competition in business?
2) What is reverse competition in business?
3) What are some of the effects of a monopoly?
4) How do consumers benefit from competition?

Change partners often and share your findings.

Language Spot

Present Perfect

The Present Perfect Tense in English is used to describe actions or situations that occurred at an unspecified time in the past, with an emphasis on their relevance to the present moment. It is formed using the auxiliary verb "have" (or "has" for third-person singular) and the past participle of the main verb.

– Actions that have happened at an unspecified time before now:

The exact time of the action is not important or not specified.

Example: I have visited Paris. We don't know exactly when the visit occurred, but it has relevance to the present.)

– Actions that started in the past and are still relevant or continuing in the present:

This often involves verbs like "live","work","study","know",etc.

Example: She has worked at that company for five years. (She started working there in the past and still works there.)

– Actions that have just been completed (often with "just"):

The action is very recent, and its effect is felt in the present.

Example: I have just finished my homework. (The homework was finished very recently.)

– Actions with "ever" and "never":

"Ever" is often used in questions and "never" in negative statements to describe life experiences or actions that have occurred at any point.

Example (ever): Have you ever been to the United States?

Example (never): I have never seen that movie.

– With "for" and "since" to describe the duration of an action:

For is used with periods of time (e.g., two days, five years, a long time).

Since is used with a point in time (e.g., 2010, last Monday, I was a child).

Example (for): They have lived in this house for ten years.

Example (since): I have known John since 2015.

– To show a change over time:

Example: My English has improved since I moved to London. (Here, the change of improvement is relevant now.)

Structure:

Affirmative: Subject + has/have + Past Participle
Example: She has traveled to many countries.

Negative:
Subject + has/have + not + Past Participle
Example: They haven't finished their homework yet.

Question:
Has/Have + subject + Past Participle?
Example: Have you ever eaten sushi?

Common Time Expressions with Present Perfect:

Just
Already
Yet (in negative and question forms)
Ever (in questions and affirmative sentences)
Never (in negative statements)
For (with a duration of time)
Since (with a point in time)

Examples in Context:

1. She has lived in London for three years. (She started living in London three years ago and still does.)
2. We have seen that movie before. (The exact time isn't important; we're just saying it happened at some point.)
3. I have just eaten lunch. (The action is very recent.)
4. He has never been to the zoo. (A life experience that has not happened at any point.)

Present Perfect vs. Simple Past:

Present Perfect: Focuses on the result or relevance of an action to the present.

I have read the book. (This is important now – maybe I can discuss it with you.)

Simple Past: Focuses on the specific time when the action occurred.

I read the book yesterday. (The exact time of the action is important.)

Grammar Exercises

30. Fill in the blanks with the correct form of the verb in Present Perfect:

1. By the time I get there, they __________ (leave).
2. She __________ (already, write) three books and is working on her fourth.
3. I __________ (not, see) him since he moved to Germany.
4. He __________ (just, finish) a difficult project at work.
5. We __________ (discuss) this issue several times before, but we haven't found a solution yet.

31. Rewrite the sentences in the Present Perfect:

1. I last went to Paris in 2018.
2. He started working at the company five years ago.
3. They met her at the party last week.
4. We moved to this city in 2005.
5. I studied French in high school.

32. Choose the correct form of the verb to complete the sentence:

1. She __________ (has/ have) been working at the hospital for ten years.
2. We __________ (haven't/ haven't been) to the new restaurant yet.
3. By the time you arrive, I __________ (will have/ will have been) finished the report.
4. I __________ (hasn't/ haven't) spoken to my friend since the argument last month.
5. They __________ (has/ have) visited five countries since the beginning of the year.

33. Combine the following sentences using the Present Perfect and a suitable time expression:

1. I last saw her at the conference. She has changed a lot.
2. He finished the project last week. He hasn't started the next one yet.
3. She went to Rome in 2019. She hasn't visited Europe since then.
4. I have lived in this city for five years. I have never been to the city center.

5. They moved to this house in 2010. They have renovated it twice since then.

34. Complete the sentences with the correct form of the verb in Present Perfect Continuous:

1. I ___________ (wait) for you for over an hour.
2. He ___________ (work) in the garden all afternoon.
3. We ___________ (look) for a new apartment for weeks.
4. They ___________ (talk) about starting their own business for a long time.
5. She ___________ (study) English for three years and still struggles with some grammar rules.

35. Fill in the blanks with the Present Perfect or Present Perfect Continuous:

1. I ___________ (wait) here for over an hour, and still no sign of him.
2. She ___________ (learn) French for six months, and she is already quite fluent.
3. We ___________ (not, finish) our assignments yet.
4. He ___________ (play) the guitar since he was a child.
5. I ___________ (never, understand) why they made that decision.

36. Use the correct form of the verb and the word "ever" or "never":

1. Have you ___________ visited a country where you don't speak the language?
2. I have ___________ seen a more beautiful sunset than that one.
3. They've ___________ been to a live concert before.
4. This is the first time I have ___________ tried sushi.
5. I have ___________ met anyone as interesting as her.

37. Correct the mistakes in these Present Perfect sentences:

1. I have just finished writing the email when she called me.
2. We have gone to the market, but we haven't bought the groceries yet.
3. He has known about the event since last week.
4. They have worked on this project for two days ago.
5. I have been studying for three hours, and I still can't solve the problem.

38. Complete the sentences with the correct time expression (for, since, yet, just, already):

1. I haven't spoken to him __________ last summer.
2. She's __________ finished her homework; now she can relax.
3. We've been waiting __________ two hours for the train.
4. Have you done your shopping __________?
5. They haven't replied to my email __________.

39. Choose the correct form (Present Perfect or Present Perfect Continuous) to complete the sentences:

1. I __________ (read) this book for two weeks, but I still haven't finished it.
2. He __________ (never/ be) to the United States.
3. We __________ (discuss) the topic for an hour and we still don't agree.
4. I __________ (work) on this project all week, and it's almost done.
5. She __________ (learn) to play the piano since she was five.

Speaking Point

Supermarket Competition

I like Lidl because it's smaller than my old supermarket, so I can do my shopping much faster. There is a smaller range of products, but I can buy everything I want. ____________________

I like the fact that Aldi sells a lot of local products: British meat, milk, cheese and fruit and vegetables. ______________ I like the products in Aldi: good quality meat and cheese, and excellent German chocolate!

Discussion

1. Read customer's comments about Aldi and Lidl. Why do they shop there?
2. What areas do you think are important for supermarkets to be competitive?

Task

Work in groups of three. You want to set up a new supermarket in your country. You need to compete with the supermarkets which are there now. How can you make your supermarket competitive?

Discuss the profile of the supermarkets in your country is there a gap in the market? Decide on your new supermarket's:
– products: range, quality, prices, brands, suppliers
– stores: location, size and design
– service: customer service and other services you can offer
– marketing: how will you advertise? What message will you give to the customers?

Present your ideas to the auditorium. Which group's supermarket is the most competitive?

Unit Project

40. Plan Your Own Enterprise. Take into account types of consumers. What might these target groups want/need?

– Tweenies
– Elderly living in own dwelling
– Dog owners
– House hunters

Brainstorm

41. What are some products that are not currently available that would solve a problem for a particular target market? Seek input from friends and family – what is something they need but cannot find? What product would they buy and why?

Share ideas with auditorium.

UNIT 10
TIME MANAGEMENT

Focus on the Topic

1. Work with a partner. Discuss these questions:

1. How do you prioritize tasks?
2. How do you limit distractions?
3. How do you manage deadlines?
4. Why do you think it is important to manage your time well?
5. How do you balance work and personal life?

Pre-Reading Activity

2. Before reading the text, discuss the following questions in pairs or small groups:

1. What is your daily routine like?
2. How do you usually prioritize tasks in your life (school, work, etc.)?
3. Do you ever feel overwhelmed with tasks? How do you manage it?
4. How do you stay motivated when you have a lot to do?
5. Have you ever tried any time management techniques? Which ones worked for you?

3. Vocabulary Brainstorm.

Write down as many words or phrases you can think of that are related to time management. Some ideas might include deadlines, prioritize, to-do list, productivity, schedule, distractions. Afterward, discuss these words and how they might connect to the topic of the text.

4. Prediction.

1. Look at the title of the text: “Time management: My tips for time management and busy schedules.”
2. What do you think the author’s main advice will be based on the title?
3. Do you think the author will share personal experiences or general advice?

4. What kind of tips do you expect (e.g., practical strategies, time-saving techniques, or ways to avoid stress)?

5. Fill in the Blanks.

Below are some sentences related to time management. Fill in the blanks with the correct words from the list: (prioritize, distractions, task, breaks, reward, schedule)

1. To be productive, it's important to _______ the most important tasks.
2. One way to stay on track is to avoid _______ like social media or unnecessary websites.
3. If you have a large _______ ahead of you, it's useful to break it into smaller parts.
4. After finishing a difficult _______ at work, it's nice to take a short break.
5. _______ are essential to keep energy levels up during a long day of work.
6. Having a _______ for the day helps you manage your time and stay focused.

6. Word Association.

Write down a list of words that come to mind when you think of time management. Try to group them into categories such as:

– Tools for time management (e.g., to-do lists, planners, calendars)
– Obstacles (e.g., procrastination, distractions, multitasking)
– Positive outcomes (e.g., efficiency, productivity, stress-free)

7. Decide if the following statements are likely to be True or False based on your predictions about the text:

1. Time management is only useful for people with a busy schedule.
2. To be effective, you should work through tasks as quickly as possible without planning.
3. Taking breaks regularly can help improve your productivity.
4. A list of tasks should be organized by their importance, not their urgency.

8. Discuss with a partner or in a group. Discussion of Time Management Strategies.

1. What is your opinion about making to-do lists? Do you think it helps with time management?
2. How do you decide which tasks are the most important?
3. Have you ever experienced a time when you had to manage a very busy schedule? How did you handle it?

9. Matching Activity. Match the time management strategies to their descriptions:

1) to-do list	A. Taking a break every hour to refresh your mind and body.
2) prioritize tasks	B. Maintaining a healthy routine with enough sleep and physical activity for better productivity.
3) take regular breaks	C. Writing down your tasks for the day to keep track of what needs to be done.
4) avoid distractions	D. Limiting unnecessary activities, like browsing the web or checking social media.
5) exercise and sleep well	E. Focusing on the most important or urgent tasks before moving on to others.

10. Anticipation Guide. Mark whether you agree or disagree with the following statements before reading the text:

1. Making a to-do list is one of the most effective ways to manage time.
2. Taking breaks during work makes you less productive.
3. Exercise can help improve work efficiency.
4. It is best to work on the most difficult tasks first in the day.

11. Prediction of Content.

Based on the title, the structure, and your knowledge of time management, make predictions about the content of the text:

1. What specific strategies do you think the author will share about managing time effectively?
2. How do you think the author will describe the importance of avoiding distractions?

3. What role do you think breaks, exercise, and sleep play in time management based on the title?

12. Read the text and see if any of your ideas from the discussion you had mentioned.

Time Management.
My Tips for Time Management and Busy Schedules

Over the years I have tried to improve my time management skills and do my work more **efficiently**. I have developed **routines** and these help me a lot. Today, I'm going to share them with you. Everyone works differently and so you might not like some of them – that's OK. But maybe there are one or two you can use.

The Power of Lists

I always make a **to-do list** at the beginning of the day. At the top I write things I must do first. Then lower down the list, I write things I'd like to do today but they aren't urgent. [1]____________ I try to reach the bottom of the list every day but this doesn't usually happen. Anyway, I can always put them on my list tomorrow.

Prioritize

As I said, on my list I put the most important tasks first – I **prioritize** them. They aren't always the most enjoyable, but I like to do them first and early in the day. Then I can do more relaxing and interesting tasks later in the day, perhaps after lunch.

Get It Right the First Time

It's easy to work quickly through the first tasks, but if I don't do them well the first time, they usually return to my desk. When that happens, you have to start again and this uses up time.

[2]________________________

Avoid Distractions

I work on my computer a lot and I also use the Internet, so my **distractions** include visiting websites, blogs, news pages ... the list never ends. I also like to work with music or listen to the radio, but I turn this down when I need to **concentrate** on something complicated. I try to keep my favourite distractions as a **reward** for finishing a larger, more important task.

Start!

Don't wait to start tasks you don't want to do. [3] __________ The best solution is to START! When you start, it's always easier and better, and remember the reward when you finish!

A Big Task Is Lots Of Little Tasks

When I have a big project over many days, I like to separate it into lots of little projects and write these on my list.

Sleeping, Eating, And Exercising

After a good night's sleep I always work better. [4] __________ I also have an exercise routine. Usually this is after work, but I also do exercise during the day. For example, if I exercise at lunchtime, the afternoon at work is more effective.

Take Breaks When You Need Them

This is really difficult to do when you have a long list and some deadlines.

But when it gets really busy at work, you still need to make time for relaxation. [5] ______________ Find a park away from the noise. Spend five minutes doing something relaxing, like making some tea and chatting to a colleague – or even writing a blog! That's how I relax.

Time management: Walk around the auditorium and talk to other students about time management. When you have lots of different jobs, which do you do first? How do you decide?

13. Make up sentences.

1) something nice you receive for good work: ______________
2) put in order of importance: __________________
3) difficult with lots of different parts: _______________
4) things that stop you giving attention to something: _____________
5) a regular way of working: ___________________
6) quickly and in an effective way: _________________
7) think carefully about something: _________________

14. Use the words from the list to complete below sentences.

1. I keep a planner so that I can manage my time _______________.

2. She was __________ with a bonus for her outstanding work.
3. Total concentration is required with no ____________.
4. Please be quiet, I'm trying to ____________ on my work.
5. Make lists of what to do and ____________ your tasks.
6. So many days are _________ and uninteresting, especially in winter.
7. The next thing is to have daily ______________ to help you focus your time.

Post-Reading Activity

15. Comprehension Questions. Answer the following questions based on the text:

1. What is the author's main strategy for organizing their day?
2. Why does the author prioritize the most important tasks first?
3. What does the author say happens if tasks are not done well the first time?
4. How does the author deal with distractions while working?
5. What does the author suggest you do when you have a big task or project?
6. Why is sleep and exercise important for time management, according to the author?
7. How does the author manage breaks during a busy workday?

16. Vocabulary Review. Match the words or phrases from the text to their definitions:

1) prioritize	A. Taking a short rest or pause from work.
2) distractions	B. To arrange tasks in order of importance.
3) to-do list	C. Something that interrupts focus or attention.
4) break	D. A daily habit or pattern of doing things.
5) routine	E. A list of tasks you need to complete.

17. Read the following statements. After reading the text, decide if they are true or false:

1. The author prefers to do the easiest tasks first in the day.

2. The author finds it useful to separate a large task into smaller tasks.
3. According to the author, it's important to take breaks regularly to stay focused.
4. The author believes that working without distractions is not necessary for productivity.
5. The author recommends working continuously without taking time for relaxation.

18. Fill in the Blanks. Complete the sentences using ideas from the text:

1. The author writes a ____________ at the beginning of each day to organize tasks.
2. The most important tasks are ____________ on the author's to-do list.
3. To avoid distractions, the author suggests using ____________ as a reward.
4. When working on big projects, the author prefers to break them into ____________ tasks.
5. According to the author, sleep and exercise improve ____________ at work.

19. Reflection Questions. Write short answers or discuss these questions with a partner:

1. Which time management tip from the text do you think would work best for you? Why?
2. Do you agree with the author's strategy of prioritizing difficult tasks first? How do you usually manage tasks?
3. What are some distractions you face while working or studying? How do you deal with them?
4. How do you usually manage large projects? Do you break them into smaller tasks like the author suggests?
5. What is your opinion on the importance of taking breaks during a busy workday?

20. Apply the Tips

1. Imagine you have a big project with a deadline in a few days. Write a to-do list following the strategies from the text.

2. Make sure to prioritize your tasks.
3. Break the project into smaller tasks.
4. Include time for breaks and relaxation.
5. Write the tasks in order of importance.

21. Group Discussion. In small groups, discuss the following:

1. What time management strategies do you already use in your life?
2. Do you struggle with distractions, and if so, how do you handle them?
3. How important is sleep and exercise for your productivity?
4. How do you feel about the idea of breaking large projects into smaller tasks?

22. Personal Time Management Plan. Create a personal time management plan for the next day. Use the following guidelines:

1. Write a list of tasks for the day.
2. Prioritize them based on importance and urgency.
3. Make sure to include at least one break during your work/study time.
4. Schedule time for exercise and rest.

23. Debrief the Text. After reading the text and completing the exercises, discuss the following with a partner or group:

1. Do you think the author's advice is practical for most people?
2. What challenges might you face when trying to implement these time management strategies?
3. How do you balance relaxation and work in your own routine?

24. Writing Task.

1. Write a paragraph reflecting on your current time management skills.
2. What are your strengths and weaknesses when it comes to managing your time?
3. Which of the strategies mentioned in the text do you think would help you the most?
4. How would you implement these strategies in your own life?

25. Change partners often and share your findings. Read this list of tips for time management. Tick (√) the tips you do.

1. Write everything on a list and do the most important task first.
2. Always do the most interesting tasks in the morning.
3. Do a good job so you won't need to repeat the task.
4. Never listen to music when you work.
5. Give yourself a reward when you finish a task.
6. Leave boring tasks for other people to do.
7. Always get lots of sleep and exercise.
8. Work at work or relax at home. Never mix them.

26. Complete these sentences with some of the words in bold in the text.

1. Turn the music down. I can't ______________ with all that noise!
2. There are too many _____________for people who use the Internet at work. For example, I often play games or chat to friends.
3. I like to ______________ all my jobs each day, but it's hard to know what is most important.
4. At the end of a hard day, my _______________ is a piece of chocolate

27. Look back at the text and choose three words that you could use in your day-to-day work.

1. How good are you at time management? What could you improve on?
2. What tools do you use to help manage your time, e.g. a diary, a calendar on your computer, automatic reminders?
3. Do you write a blog? Would you like to? What about?
4. How do you plan your work when you have multiple conflicting tasks?
5. If you are expected to report to several managers, how would you prioritize your duties?
6. Have you ever missed a deadline? If yes, how did you go about it? If not, how do you ensure that you are not falling behind?
7. What productivity tools do you use? Explain how they are useful.
8. Describe a time when you successfully delegated tasks to your team.
9. Why is delegation important?

Language Spot

The Passive Voice

The Passive Voice is used to emphasize the action or the receiver of the action, rather than the doer. It is especially common when the subject is unknown, unimportant, or obvious, or when the focus is on the result of the action.

Forming the Passive Voice

Structure:

Subject + be (in correct tense) + Past Participle + (by agent)

Examples in different tenses:

1. *Present Simple*: The book is read by many students.
2. *Past Simple*: The homework was completed on time.
3. *Present Continuous*: The house is being painted now.
4. *Past Continuous*: The car was being repaired yesterday.
5. *Present Perfect*: The report has been written by the team.
6. *Past Perfect*: The letter had been sent before the deadline.
7. *Future Simple*: The problem will be solved soon.
8. *Future Perfect*: The project will have been completed by next week.
9. *Modal Verbs*: The test can be taken online.

When to Use the Passive Voice

1. When the doer is unknown or unimportant:
   The window was broken. (We don't know who broke it.)
2. To emphasize the action or the result:
   Many lives were saved by the new medical procedure.
3. To make formal or impersonal statements:
   It is believed that the universe is expanding.
4. To avoid assigning blame:
   Mistakes were made during the process.

Converting Active to Passive Voice

Steps to change Active Voice to Passive Voice:

1. Identify the object of the active sentence.
2. Move the object to the subject position.
3. Use the correct form of "be" + Past Participle.
4. Add "by + agent" if necessary.

Example:
Active: The teacher explained the lesson.
Passive: The lesson was explained (by the teacher).
Examples in Context

1. *Active*: Someone cleaned the room yesterday.
   Passive: The room was cleaned yesterday.
2. *Active*: They are building a new library.
   Passive: A new library is being built.
3. *Active*: The manager will approve the proposal.
   Passive: The proposal will be approved (by the manager).

Common Passive Verbs

Passive Voice often occurs with certain verbs:

– made	– found
– built	– taken
– done	– given
– written	– sold
– sent	

Active vs. Passive: When to Use Each

Active Voice: Clear, direct, and focuses on the doer.
Example: The chef cooked a delicious meal.
Passive Voice: Focuses on the action or recipient, or when the doer is unknown.
Example: A delicious meal was cooked.

We use the Present Passive for things that are always true, or things that happen regularly.

Your home computer _____________ to a gateway.server

We use the Past Passive like the Past Simple to talk about complete finished actions and events, or past processes.

The World Wide Web ______________3 by Tim Berners-Lee.

Practice Exercises

28. Change these sentences to Passive Voice:

a. They delivered the package yesterday.
b. She is writing a book.

c. The engineer designed the new system.
d. They will announce the results tomorrow.
e. Someone has cleaned the office.

29. Identify whether the following sentences are Active or Passive:

a. The cake was baked by my grandmother.
b. The artist painted the mural.
c. New rules are being implemented by the government.

30. Rewrite the following sentences in the Active Voice:

a. The letter was written by John.
b. The project will be completed by the team next month.
c. The flowers were watered by the gardener.

31. Fill in the blanks with the correct form of the verb in Present Passive Voice:

1. The letters ___________ (deliver) to the office every morning.
2. Many movies ___________ (produce) in Hollywood every year.
3. This museum ___________ (visit) by thousands of tourists daily.
4. English ___________ (speak) in many countries worldwide.
5. The floors ___________ (clean) by the janitor every evening.

32. Rewrite the sentences in the Present Passive Voice:

1. They prepare lunch in the school canteen.
2. People use this app all over the world.
3. Teachers give students homework every day.
4. The company manufactures smartphones in this factory.
5. They play football in this stadium every weekend.

33. Choose the correct form (Active or Passive):

1. This book ___________ (is read / reads) by students in many schools.
2. Every year, a festival ___________ (is held / holds) in this city.
3. The flowers ___________ (are watered / water) every morning.
4. The documents ___________ (send / are sent) to the manager for approval.
5. The auditoriumrooms ___________ (are cleaned / clean) after every lesson.

34. Match the Active sentences with their Passive equivalents:

Active

a. People recycle a lot of plastic bottles.
b. The teacher explains the lesson clearly.
c. Scientists discover new planets every year.
d. Workers maintain the machines regularly.
e. The chef cooks delicious meals in this restaurant.

Passive

1. The lesson is explained clearly by the teacher.
2. Delicious meals are cooked in this restaurant.
3. A lot of plastic bottles are recycled.
4. New planets are discovered every year.
5. The machines are maintained regularly.

35. Complete the sentences with the correct verbs in Present Passive:

1. The keys ___________ (find) in the drawer.
2. Many languages ___________ (speak) in this country.
3. The building ___________ (inspect) regularly for safety.
4. The assignments ___________ (submit) online by students.
5. New laws ___________ (introduce) to protect the environment.

36. Identify the Passive Voice sentences:

1. The invitations are sent by e-mail.
2. They celebrate the festival every year.
3. The reports are prepared by the secretary.
4. Students write essays on different topics.
5. The dishes are washed in the kitchen.

37. Correct the mistakes in these Passive sentences:

1. The homework is finish by the students every evening.
2. The tickets is sold online for the concert.
3. This bridge are used by thousands of people daily.
4. The food are prepared in the kitchen by professional chefs.
5. The floors is cleaned every night.

38. Transform the following active sentences into Passive Voice:

1. Farmers grow rice in this region.
2. Engineers design new cars every year.
3. Artists paint beautiful pictures for the gallery.
4. People post hundreds of photos on social media daily.
5. They deliver packages to homes every day.

39. Choose the correct verb to complete the Passive sentence:

1. The auditorium rooms ___________ (is cleaned / are cleaned) after school.
2. Many books ___________ (are borrowed / borrow) from the library each month.
3. The new law ___________ (is discuss / is discussed) in parliament.
4. This recipe ___________ (is used / are used) by chefs worldwide.
5. The project ___________ (is complete / is completed) on time.

40. Answer the questions in Passive Voice:

1. What happens to old newspapers?
   → Old newspapers ___________ (recycle).
2. How are packages sent to customers?
   → Packages ___________ (send) by courier.
3. Where are the documents stored?
   → The documents ___________ (store) in the archive.
4. Who uses the computers in the lab?
   → The computers ___________ (use) by the students.
5. What is done in the library?
   → Books ___________ (read) in the library.

Unit Project

41. Comment on what you could improve on and tools you use for managing time (e.g. diaries, computer calendars, SMS reminders, etc.). Report back on your findings at the next lesson.

UNIT 11 CULTURAL AWARENESS WHEN YOU TRAVEL

Focus on the Topic

1. Work with a partner. Discuss these questions.

1. What are some things that define a culture?
2. Do you know much about your own culture?
3. What has surprised you when you've met people from other countries?
4. Have you ever felt confused by the actions of someone from another culture? If so, tell me about it.

Pre-Reading Activity

2. Word Association.

Write down as many words or phrases as you can think of when you hear the term "cultural awareness". Examples might include: traditions, language, behavior, respect, etc.

3. Prediction Exercise.

Based on the title, what do you think the text will be about? Write 3 – 5 sentences predicting the main ideas of the text.

4. True or False Statements. Read these statements and decide if they might be true or false based on your knowledge:

a. All cultures have the same rules about punctuality.
b. Gestures like a handshake have the same meaning everywhere.
c. It's polite to try food in most cultures.
d. Talking about politics is always a good conversation starter when traveling.
e. Showing affection in public is acceptable in all cultures.

5. Think-Pair-Share. Discuss with a partner:

1. Have you ever experienced cultural differences when traveling or meeting people from other countries?
2. How did you handle those situations?

6. Guess the Topic.

Here are some subtopics that might be in the text. Which ones do you think are likely to appear?
– Punctuality
– Politeness at meals
– Greeting customs
– Common travel destinations
– Public displays of affection

7. Discussion Questions. Answer these questions to reflect on your own experiences:

1. What do you think is the biggest challenge when traveling to a country with a different culture?
2. Why is it important to understand cultural differences before traveling?

8. Vocabulary Focus. Match the following words to their definitions:

1) Hospitality	a) A feeling of fondness or love
2) Gesture	b) Unfriendly or aggressive behavior
3) Punctuality	c) The quality of being friendly and welcoming to guests
4) Affection	d) A movement of the body to express a feeling or idea
5) Hostile	e) The act of being on time

9. Anticipation Guide Before reading, decide if you agree or disagree with the following:

1. It's polite to finish all the food on your plate in every culture.
2. Body language and gestures are universal.
3. Refusing a gift is considered to be rude in many cultures.

10. Cultural Awareness Scenarios Imagine the following situations. How would you react?

A host offers you food that...

11. Read the text and see if any of your ideas from the discussion you had are mentioned.

Cultural Awareness When You Travel

Most travellers have a story about travel to another country and the problems of **cultural differences**. Perhaps they arrived late for a meal or they ate too early. Maybe they did something at the dinner table that is rude or they chose the wrong topics of conversation. These stories are often funny but rarely serious. When two people with experience of travel meet, they usually expect cultural differences – after all, that's what makes travel interesting. But the visitor with a good cultural understanding will communicate more effectively and be welcome back. Here is a summary of the key areas to consider.

When you first meet, it's important to talk about 'safe' subjects. In all parts of the world, your journey and the weather are likely to be good opening topics. Also, asking about the country you are in and places to visit are good ways to develop a conversation. However, opinions are different when someone introduces the topic of family or free time interests. Not everyone likes to talk about personal things in the workplace. The **golden rule** here is to begin with the safe topics and build the relationship before you move on to subjects like the economy or politics.

The gestures we make in our own countries do not always 'translate'. When you shake your head from side to side in India, it can mean 'Yes', not 'No'. But hands can cause bigger problems than heads. For example, putting your hands on your hips in parts of Southeast Asia might suggest you feel angry or **hostile** towards them – definitely don't use it with a police officer or government official!

Finally, there are your feet. Don't show the bottom of your shoes in many countries and you might need to take them off when entering someone's house – or you might need to keep them on!

Polite travellers are welcome all over the world and people will invite you into their house. In many cultures, this offer of **hospitality** is very serious. If you refuse an offer of food, help, or even a gift sometimes, it can be very rude. At a meal, it could be **polite** to finish everything or polite to leave a little. In general, guests who try anything put in front of them (even the strangest – looking food) will be welcome back in all cultures.

If you are abroad with a close friend or spouse, find out what is **acceptable** when you are in public. Holding hands is probably safe, but kissing in public might not be. Alternatively, you might be surprised by how much people in some cultures show their affection.

The rules of **punctuality** really are very different, even within continents such as Europe. It's hard to generalize about regions. For example, people often say South American countries are relaxed about being on time, but in Chile it is important to be punctual. There is a simple **guideline** to follow: If you arrive early or on time, your **host** might be surprised, but not think it's rude. If you or someone else arrives late, then perhaps that's your **custom** or their custom (or maybe they just couldn't find a taxi!) In other words, accept and learn from cultural differences.

12. Match then look in the text to check your answers.

1) cultural differences	a) the fact or quality of being on time
2) golden rule	b) situations that most people approve of or consider to be normal
3) custom	c) the person who has invited the guests
4) hostile	d) a principle you should remember because it will help you to be successful
5) hospitality	e) a way of behaving
6) polite	f) a general rule
7) acceptable	g) have good manners and behave in a way that is socially correct
8) punctuality	h) unfriendly and aggressive
9) guideline	i) the various behaviors, languages, practices and expressions considered unique to members of a specific ethnicity, race or national origin
10) host	j) friendly, welcoming behaviour towards guests

13. Use the words from the list to complete below sentences.

1. Apart from my ______________, I didn't know a single person there.
2. ______________ has never been his strong point.
3. The effects of the Sun can be significantly reduced if we follow certain ______________.
4. The ______________ of lighting the Olympic flame goes back centuries.
5. Their ______________ looks showed that he was unwelcome.

6. They could absolutely do more to help bridge ______________ and misunderstandings.
7. Hanson's ______________ is to add value to whatever business he buys.
8. It's not ______________ to point or talk about strangers in public.
9. The air pollution exceeds most ______________ levels.
10. Every visitor to the country is overwhelmed by the kindness, charm and _________________ of the people.

Post-Reading Activity

14. Comprehension Questions. Answer the following questions based on the text:

1. Why do most travelers have stories about cultural differences?
2. What are examples of "safe" topics to discuss when you first meet someone?
3. Why might gestures cause misunderstandings when traveling?
4. What is the importance of being polite when offered hospitality in another culture?
5. How do the rules of punctuality differ around the world?

15. Decide whether the following statements are True or false:

1. It's always rude to talk about personal topics in the workplace.
2. Shaking your head side to side always means "No."
3. Showing the bottom of your shoes is considered impolite in some cultures.
4. Kissing in public is accepted everywhere in the world.
5. In Chile, being punctual is important.

16. Fill in the Blanks. Use the information from the text to complete the sentences:

1. When meeting someone for the first time, good topics include your journey and ___________.
2. In some cultures, placing your __________ on your hips can show anger.
3. Refusing an offer of ___________ or help can be considered rude in many cultures.

4. Holding hands in public is generally __________, but kissing might not be.
5. A simple guideline for punctuality is to arrive __________ or on time.

17. Match the Column. Match the cultural aspect with the advice given in the text:

1. Gestures	a. Ask about places to visit in the country.
2. Safe conversation topics	b. Avoid showing the bottom of your shoes.
3. Feet	c. Avoid putting your hands on your hips.
4. Hospitality	d. Try the food offered to you, even if it looks strange.

18. Discussion Questions:

1. Have you ever experienced cultural differences while traveling? What happened?
2. Why is it important to learn about cultural norms before visiting a country?
3. What do you think is the best way to avoid misunderstandings when traveling?

19. Critical Thinking.

The text states, "Accept and learn from cultural differences." Why is this mindset important for travelers?

What might happen if someone ignores cultural norms when visiting a new country?

20. Summarizing the Text.

Write a brief summary (3–5 sentences) explaining the main points of the text.

21. Cultural Scenarios. Read the scenarios and decide how you would respond:

1. You are in a country where people eat food that you find strange. Your host offers you a plate of it. What do you do?

2. You're about to meet a business associate in another country. How do you decide what topics are appropriate for discussion?
3. In a new country, you are unsure if you need to take off your shoes before entering a house. What should you do?

22. Vocabulary in Context. Find the following words in the text and write their meanings based on the context:

– Hospitality
– Punctuality
– Gesture
– Hostile
– Affection

23. Creating a Guide.

Based on the text, create a short cultural awareness guide for travelers. Include at least three main tips with examples.

A Closer Look

24. Cultural differences. Walk around the auditorium and talk to other students about cultural differences.

When you travel abroad (for work or on holiday) what kinds of differences do you notice?

Think of a country you have visited. What was the biggest difference?

25. Change partners often and share your findings.

Can you think of the stereotypes used about your culture? Use the words below to help.

reserved	warm	efficient polite	stylish
open organized	punctual	intellectual	imaginative
passionate	lively romantic	creative	good sense of
humour			

26. Cultural Differences – Quiz

Facts:

– You are doing practical training in London.
– Your mentor is Phil, a 40-year old Londoner.
– Phil doesn't speak German and has never met people from a German speaking country before.

27. What would you do in the following situations?

1) Small– talk – you want to break the ice. Which topic would you choose?
   a) family   b) weather   c) politics
2) There is a difference of opinion between you and Phil. How do you tell him that he is not right?
   a) You are not right.   b) I think this is not true.   c) I understand your point of view, but ...
3) Phil accidently treads on your foot. How do you react?
   a) Sorry.   b) Never mind.   c) Ouch!

LANGUAGE SPOT

A question tag is a short question. We can add it to the end of a sentence, and use it to check information.

The verb we use in the tag depends on the verb in the statement.

Example: *You have packed CDs, haven't you?*

Complete the rules with these words:

Positive   Negative

A positive question has a ____________________tag.

You booked your cab for a quarter past, didn't you?

A positive question has a _________________tag.

You haven't forgotten anything, have you?

28. Complete the sentences with appropriate question tags.

1. You didn't miss the meeting. ________________?
2. He was working at home yesterday, _______________?
3. You'll be in the office before 8:30, ________________?
4. You didn't finish that project, __________________?
5. She can finish the report today, __________________?

29. You're staying in a hotel with your team for a group meeting. You're chatting about it with a colleague. Write questions in your notebook.

Example: *You think this hotel is very expensive.*
This hotel is very expensive, isn't it?

1. You don't think you colleague, likes the meeting room.
   You____?

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2. You think the bedrooms aren't warm enough.
   I ______________________________________?
3. You think that everyone else is having breakfast.
   Everyone else ______________________________?
4. You think that the meal last night was terrible.
   The meal __________________________________?

Unit Project

1. Choose a country or region where you would like to work. Go on-line and find out how to behave in a business environment. Write a short report giving advice to people working there.
2. Give a two-to three-minute oral presentation to tell the auditorium about a tourist experience you have had.

   Use an adjective from the box or one of your own.

embarrassing	exciting	humorous
enjoyable	frightening	memorable
exhausting	frustrating	unusual

UNIT 12
LAUNCHING A PRODUCT

Focus on the Topic

1. Work with a partner. Discuss these issues.

1. Launching the product is just as important as developing it.
2. The Product Lifecycle is important to understand since it can dictate your development schedules.
3. Knowing when to kill a product is just as important as launching it.

Pre-Reading Activity

2. Prediction Exercise

Look at the title of the text, "Launching a Product", and the sub-heading "The history of product launch disasters".

– What do you think the text will discuss?
– Can you think of any products that failed after their launch?

Vocabulary Preview

3. Match the words to their meanings:

1) launch	a) a company's percentage of total sales in a market
2) re-launch	b) to start selling a new product
3) manufacturer	c) to sell an updated version of an existing product
4) overpriced	d) a company that makes products to sell
5) market share	e) something that costs too much money

4. Discussion Questions.

1. What do you think makes a product launch successful?
2. Why do some products fail even when companies invest a lot of money in them?
3. Have you ever bought a product that was later discontinued? How did you feel?

5. Brainstorming.

List three factors that might cause a product launch to fail. For example: bad design, high price.

Share your ideas with a partner or group.

6. Image Analysis.

Imagine seeing a promotional poster for a product called “Arch Deluxe” or “New Coke.” What kind of customer do you think the company was targeting? What do you expect the advertisement to emphasize?

7. Skimming for Structure.

Quickly look at the text structure (dates and paragraphs). What do you notice about the organization of the text?

Why do you think the author organized it this way?

8. K– W– L Chart. Fill in a chart with the following:

K: What do you already know about product launches or product failures?

W: What do you want to learn from the text?

After reading, fill in L: What did you learn?

9. Quiz Your Partner

Work in pairs. Each partner writes down two questions about what they think the text will cover (e.g., “What companies might be mentioned?”). Ask each other your questions and discuss your answers.

These activities aim to prepare readers to engage with the content by activating prior knowledge and setting a purpose for reading.

10. Read the text and see if any of your ideas from the discussion you had mentioned.

Launching a Product
The History of Product Launch Disasters

Is your company **launching** a new product on the market? Maybe it’s time for your old products to have a re-launch? But be careful! Some product launches can go very wrong. We look back at the history of product launch disasters in the last fifty years and consider the reasons why.

1957

It was September 4th and Ford was the most famous car brand in the world. Everyone was excited because the company had a new car. Nearly three million people waited outside car **showrooms** to see the new product. But the Ford Edsel was a big mistake. First of all, the name was very unpopular. Nobody liked it. But there was a worse problem. The car was not **stylish** – in fact it was very ugly and no one wanted to drive it. Thirdly, it was also badly designed and parts **fell off** it! In the first year, Ford only sold 63,000. By 1960 – less than three years after the launch – the Edsel disappeared.

1975

Before downloads and before DVDs do you remember video tape? Sony was the first manufacturer to launch this kind of product. They called it Betamax but a few months later JVC launched VHS video. VHS won because it was more functional and **user-friendly** and so more shops supplied the product. Sony produced the last Betamax in 2002.

1983

Think of Apple and you normally think of iPods, iPhones, cool laptops, and very effective product launches. But not every Apple product was a success. In 1983 Apple launched 'Lisa'. The Apple Lisa was a computer for business customers in particular. However, Apple soon discovered that business people also wanted cheaper products. Lisa was **overpriced** and sometimes slow. Apple soon stopped production of Lisa and moved on. Their success now means they obviously learned from this mistake.

1985

April 23rd, 1985 is an important date in the history of product re-launches. Coca-cola changed the formula of its 100-year-old drink and called the product 'New Coke'. The original idea to change the product was because Pepsi-Cola – their main competitor – had a large market share so Coca-cola needed a new strategy. **The market research** was positive for the new product. People tasted it in **focus**

groups and they liked the new taste. It was sweeter. But by May, Coca-cola had a disaster and Pepsi Cola was number one.

The public wanted their traditional coke – not the new drink. On July 10th the company brought back the old Coca-cola but they called it Coca-cola auditoriumic. Soon after, their product was number one in the market once more.

1996

By the end of the twentieth century they were everywhere. Macdonald's restaurants and burgers were on every **high street** in most countries. But even Macdonalds had a failure. In 1996, the main customers at Macdonalds were children with mum and dad. But Macdonalds also wanted more adults – single adults with their friends and with their extra cash. It planned to have the same product – hamburgers – but this hamburger was called the 'Arch Deluxe' for a more **sophisticated** customer. Macdonalds spent about 300 million dollars on research, production, and marketing, but the product failed.

However, Macdonalds learned something from the experience: adult customers prefer more healthy products like salads and fish. So nowadays you can't buy an Arch Deluxe at their restaurants but you can buy a green salad.

The 21st century

So what product launches will fail in this century? Wait and see, but make sure it isn't yours!

11. Match the words in bold type the in the text to definitions 1-10.

1. If you say that something is ______________, you mean that you think it costs much more than it should.
2. If something ____________, it separates from the thing to which it was attached and moves towards the ground.
3. If you describe something such as a machine or system as _____________, you mean that it is well designed and easy to use.
4. ____________________ is the activity of collecting and studying information about what people want, need, and buy.
5. A ___________________ machine, device, or method is more advanced or complex than others.

6. A group of people assembled to participate in a discussion about a product before it is launched: ________________________.
7. The __________________ of a town is the main street where most of the shops and banks are.
8. Someone or something that is ________________ is smart, elegant, and fashionable.
9. A ___________________ is a shop in which goods are displayed for sale, especially goods such as cars or electrical or gas appliances.
10. If a company ______________ a new product, it makes it available to the public.

12. Now use the words from the list to complete below sentences.

1. A new all-woman _____________ company has been set up to find out what women think about major news and issues.
2. Honeybees use one of the most ____________communication systems of any insect.
3. The intent of ____________________ is to develop a broad and deep understanding of the topic of interest rather than a quantitative summary.
4. These are elegant and ______________ performances.
5. The new model will be in the _______________ in a month's time.
6. Marks & Spencer recently hired model to _____________ its new range.
7. In my opinion, Eddie Bauer is the most ____________ store in the world!
8. The number of students has ____________ this year.
9. This an entirely computer operated system which is very ____________.
10. Vegetarian restaurants and health food shops are springing up in every ________________.

Post-Reading Activity

13. Comprehension Questions

1. Why was the Ford Edsel considered as a failure? List at least three reasons.
2. What was the main reason Betamax failed to compete with VHS?

3. What mistake did Apple make when they launched the Apple Lisa in 1983?
4. Why did Coca-Cola decide to introduce 'New Coke'? How did the public respond?
5. What was McDonald's goal with the Arch Deluxe, and what did they learn from its failure?

14. Match the words from the text with their meanings:

1) stylish	a) practical and useful
2) functional	b) a group of people used to test and give opinions on a product
3) market research	c) elegantly fashionable
4) sophisticated	d) the activity of collecting and analyzing information about what people want or need
5) focus groups	e) showing a high level of taste or refinement

15. Discussion Questions:

1. Can you think of a modern product launch disaster? Why did it fail?
2. Do you agree with Coca-Cola's decision to reintroduce the original drink? Why or why not?
3. What lessons can companies learn from the product failures mentioned in the text?
4. If you were launching a product, what would you do to ensure its success?

16. Writing Task.

Write a short paragraph about a product you like. Why do you think it is successful?

17. Critical Thinking Task.

Imagine you are part of a team launching a new smartphone. Based on the examples in the text, list three things you would avoid doing and explain why.

A Closer Look

18. Launching a product.

Walk around the auditorium and talk to other students about launching a product. Which year was very important for you or your company? Why do you remember it in particular? Change partners often and share your findings.

19. Read the text quickly and match the year to the company and the product.

1957	Macdonalds	Betamax
1975	Coca-cola	Lisa
1983	Sony	New Coke
1985	Ford	Arch Deluxe
1996	Apple	Edsel

20. Read the text again and underline the words that answer these questions.

1. What were the three problems with the Ford Edsel?
2. Why was VHS more successful than Betamax?
3. What were the two main problems with Apple's Lisa computer?
4. Why did Coca-cola launch New Coke?
5. What were the results of the market research?
6. Who did Macdonalds want to attract?
7. What did these customers want instead of the Arch Deluxe?

21. Work with a partner. Make sentences about the following topics using the adjectives. For example: Motorola makes really cool technology such as satellite phones.

– Technology
– Buildings
– Services
– Celebrities / TV personalities
– Festivals
– Food

Compare your sentences with another pair.

22. Discuss as a auditorium.

1. Each company in the article made a mistake but they are still successful companies. Why do you think they survived after their mistake?
1. Do you know any mistakes your company made? Did the company learn from it?

Language Spot

Will/won’t, may/might

Will/won’t + infinitive is used to talk about the future.

I will finish the application this evening.
There won’t be many people at the event.

We use may/ may not or might/ might not + infinitive to talk about things that are possible.

They may decide to come along.
We may not have anything to worry about.

Remember that we can use will/won’t in First Conditional sentences.

If my cold gets worse, I’ll go to the doctor.
We won’t have the meeting if nobody is here.

We can also use may/might instead of will to talk about a situation that is only possible, not certain.

If they offer me a promotion, I may/might stay.

1. Will:

Used to express certainty or decisions about the future.

Example:

“The product will succeed if it’s user-friendly.”
“I think customers will love this idea.”

2. Won’t (will not):

Used to express certainty about something not happening in the future.

Example:

“If the product is too expensive, customers won’t buy it.”
“He won’t attend the meeting tomorrow.”

3. Might:

Used to express possibility in the future, but less certain than “will.”

Example:

“The launch might fail if we don’t do proper research.”
“We might change the design before the launch.”

4. May:

Similar to “might”,used to express possibility, but sometimes sounds slightly more formal.

Example:

“The product may become popular among younger audiences.”

“It may rain later, so take an umbrella.”

23. Practice Exercises. Fill in the blanks with will, won’t, might, or may:

1. If we don’t advertise the product, people _____ not hear about it.
2. The new smartphone _____ become a best seller next year.
3. Customers _____ like the new packaging, but we should test it first.
4. If the feedback is negative, we _____ need to delay the launch.
5. I’m sure the product _____ help solve many of our customers’ problems.

24. Rewrite the sentences using the correct form:

1. “Perhaps the project will be successful.” → “The project _____ be successful.”
2. “It’s certain that the team will finish the task by Friday.” → “The team _____ finish the task by Friday.”
3. “There’s a chance they won’t approve the budget.” → “They _____ approve the budget.”

25. Discussion Prompts (Speaking/Writing)

1. What might happen if a product is launched without proper testing?
2. Think about your next holiday plan. Use “will”,“won’t”,“might”,or “may” to describe it.
3. If you were starting a new business, what steps will you take to ensure its success?

26. Match these sentences with the rules below.

1. I may not go out – I may just watch a DVD at home.
2. I won’t go if the weather’s horrible.
3. I’ll probably take it easy tomorrow.
4. He might not promote you.
5. It it rains, I might go swimming.
6. My weekend won’t be much fun.

– We use *will/won't* to talk about things in the Future.
– We use *may or might* to talk about things that are possible now or in the Future.
– Remember to use *will/won't* in First Conditional sentences.
– You can use may or might in Conditional sentences.

Unit Project

– Plan a Perfect Product Launch. Identify Important Steps.
– To Take Before You Launch A Product Or Service.

UNIT 13
IT'S NOT ABOUT THE MONEY!

Focus on the Topic

1. Work with a partner. Discuss these three questions.

1. What is motivation?
2. What motivates people to go to work?
3. What motivates you to go to work?

Pre-Reading Activity

2. Warm-up the questions:

1. What motivates you the most in your work or studies? Is it money, recognition, or something else?
2. How important is job satisfaction for a happy life? Why?
3. Have you ever worked in a place where motivation was low? What was the atmosphere like?

Vocabulary Preview

3. Match the following words/phrases to their meanings:

1) motivate	a. Giving credit or acknowledgment for efforts or achievements.
2) recognition	b. The act of inspiring or encouraging someone to do something.
3) responsibility	c. Opportunities for learning and improving skills at work.
4) communication	d. The exchange of information between people.
5) professional development	e. Being in charge of something or having a duty to take care of something.

4. Prediction Activity.

1. Based on the title "It's Not About the Money", what do you think the text will discuss?

2. Write down three possible factors (other than money) that could motivate employees.

5. Agree or Disagree Statements. Read the following statements and decide whether you agree or disagree. Be ready to explain your reasons.

1. Money is the main reason people work.
2. Employees should be rewarded equally, regardless of performance.
3. Good communication is more important than high salaries.
4. Providing education and training will lead to employees leaving the company.
5. Group Discussion (Optional)

If you were a manager, how would you keep your employees motivated? Share your ideas with others.

6. Use the words from the list to complete below sentences:

1. We all have certain duties and jobs to ____________.
2. We ______________ him as a possible candidate.
3. She's placing a greater ______________ creativity in her auditoriumroom.
4. They are going to ___________ one of their friends with them.
5. These restaurants ___________ a much appreciated service for this area.
6. Innovative marketing programs are designed to ___________ consumers in new ways beyond traditional advertising.
7. She gave me an herbal tea that helped _________________ me and coordinate my efforts.
8. The doctor told Tom to ___________ his red meat consumption.
9. They will _____________ their awards at a ceremony.
10. What can you do to ___________ it from happening again?

7. Read the text.

It's not About the Money!

What motivates you to go to work? Is it money? Surveys carried out over the years seem to constantly suggest that people want more from their work than just their salary. Motivated workers equal happy workers which leads to better productivity. So, both employers and employees need to discover what really motivates people in the workplace.

Let's start with the issue of money – is it the most important factor? Many people these days think that it is not. Bob Nelson, in his *Workforce* article, 'The Ten Ironies of Motivation', claims that good pay 'is important, but most employees consider it a right – an exchange for the work one does.' Nelson and others argue that employers are slow to understand this, and the difference between what employers think motivates their staff and what actually does, is huge. So if money is not the main motivator, then what is?

Research suggests that the biggest factor in job motivation is recognition. Employees like to have their efforts recognized and rewarded. They want to be treated fairly and receive acknowledgement that they have achieved something special or made a significant contribution. Mai Hui, a human resources specialist, provides interesting evidence to support this. One of the most demotivating factors claims Hui is when employers don't deal with non-performing members of staff. According to Hui over 50% of respondents in a recent survey said they would like to see their non-performing colleagues fired. This might seem surprising but, as Hui says, 'employees feel it is not fair if less-dedicated members of staff are rewarded in the same way as their better-performing colleagues. In the end everyone will be brought down to the lower level.'

Recognition is not the only factor. Giving employees some responsibility is also an important motivating tool. Hui argues that giving employees control of their work will help to keep them motivated. Employees should be part of the decision-making process or at the very least be kept up to date with decisions and developments in their department and – importantly how those decisions were reached.

Good lines of communication throughout the company are crucial for a happy working environment, claims Carwyn Williams, a US-based HR consultant. In a recent happiness survey poor communication was the number-one cause of unhappiness in work, while ideas being ignored also reached the top ten. Therefore, as Williams argues, it is essential for employees to feel they have the ability to affect decisions.

Employers also have to recognize that professional development is part and parcel of employee motivation. Williams argues that traditionally, companies have been worried about providing education and training to their staff because they feel that by developing your employees' marketable skills you are risking losing those employees to your competitors. But Williams claims that the evidence suggests this is not in fact the case. Employees who are offered in-service training are often more loyal to the company as it makes them realize that their company values them. The opportunity for self-improvement, growth and development can energize the workforce and it reduces anxiety created by uncertainties in the job market.

Ultimately there is no magic motivation formula but Nelson warns that employers often only deal with motivation once it has become a problem. 'Managers are often too busy focusing on what's urgent and forget about regularly motivating and recognizing employees,' he writes. However, he also points out that it takes less effort to keep the workforce motivated than it does to recreate motivation after it is lost. His final piece of advice is simply to treat the employees like they are your greatest assets and then you will see the benefits.

Post-Reading Activity

8. Comprehension Questions:

1. What does Bob Nelson say about good pay as a motivator?
2. According to Mai Hui, why is it important to address non-performing employees?
3. How does giving employees responsibility help to motivate them?
4. What did a happiness survey reveal as the number one cause of unhappiness in the workplace?
5. Why are companies often hesitant to provide professional development opportunities, and what does evidence suggest about this?
6. What is Nelson's final piece of advice for managers regarding motivation?

9. Vocabulary in Context. Find words in the text that mean the following:

1. The process of encouraging someone to act in a particular way. (Paragraph 1)

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2. Fair treatment and giving credit for contributions. (Paragraph 3)
3. Being part of a process where decisions are made. (Paragraph 4)
4. Opportunities for learning and self-improvement. (Paragraph 5)
5. A state of worry caused by uncertainty. (Paragraph 5)

10. True or False. Decide whether the following statements are true or false based on the text:

1. Most employees consider good pay the primary motivator for work.
2. Employees feel demotivated when their efforts are not acknowledged.
3. Poor communication is a minor issue in most workplaces.
4. Offering professional development can increase employee loyalty.
5. It takes more effort to maintain motivation than to recreate it after it is lost.

11. Discussion Questions:

1. Which motivation factor do you think is the most important for employees? Why?
2. Have you ever experienced a situation where poor communication caused problems at work or school? Share your experience.
3. Do you agree with the idea that professional development opportunities make employees more loyal? Why or why not?

12. Writing Task.

Imagine you are an HR manager. Write a short memo to your team explaining three key strategies to keep employees motivated based on the text.

13. Critical Thinking Task.

Based on the text, suggest ways a company could balance offering competitive pay with addressing other motivational factors like recognition, responsibility, and professional development.

A Closer Look

14. Read the text again and decide if these statements are true (T) or false (F).

1. Surveys suggest that money is the most important motivating factor.

2. Workers want their bosses to recognize what they do.
3. Workers are demotivated when colleagues do not work as hard as them.
4. Employees would like 50% of their colleagues to be sacked.
5. Workers want to be involved in making decisions.
6. Providing further training for employees can increase loyalty.

15. Read the text again and answer these questions:

1. Why is money not the main motivator of workers?
2. Why is recognition important?
3. What is the importance of good communication?
4. How do employers and employees' opinions differ on in-service training?
5. What advice does the writer give employers at the end of the text?

16. Work with a partner. Discuss these questions:

1. Do you think the ideas in the text are good ideas?
2. Would employees in your country list the same ideas?
3. Does the company you work for follow the advice?

Language Spot

Comparatives and superlatives

1. Comparatives

Use: To compare two people, places, things, or ideas.
Form:
Short adjectives: Add – er + "than".
Example: *This task is easier than the previous one*.
Long adjectives (2+ syllables): Use more/less + adjective + than.
Example: *This book is more interesting than the movie*.
Irregular forms:
Good → Better (This solution is better than the last one.)
Bad → Worse (Their performance was worse than expected.)

2. Superlatives

Use: To show the highest degree of a quality within a group.
Form:
Short adjectives: Add – est + "the".
Example: *This is the easiest test I've ever taken*.

Long adjectives (2+ syllables): Use the most/least + adjective.

Example: *This is the most important decision of my life*.

Irregular forms:

Good → Best (She is the best player on the team.)

Bad → Worst (That was the worst day of my life.)

3. Rules to Remember

Double consonants: For short adjectives ending in a single vowel + consonant, double the consonant before adding – er or – est.

Example: big → bigger → the biggest

Y– ending adjectives: Change – y to – i before adding – er or – est.

Example: happy → happier → the happiest

Adjectives that don't change: Adjectives like "fun" and "friendly" can take both forms (more fun/funner, friendlier/more friendly), though regional preferences vary.

Grammar Exercises

17. Fill in the blanks with the correct form (comparative or superlative):

1. This road is much _______ (narrow) than the highway.
2. She is the _______ (intelligent) student in the auditorium.
3. Today is _______ (cold) than yesterday.
4. That movie was the _______ (boring) I've ever seen.
5. My house is _______ (big) than my friend's.

18. Rewrite the sentences using comparatives or superlatives:

1. This problem is not as difficult as the last one. (Rewrite with "easier".)
2. No other athlete runs as fast as him. (Rewrite with "the fastest.")
3. This project is more important than the others. (Rewrite with "the most important".)
4. His explanation was less clear than hers. (Rewrite with "clearer".)

19. Error Correction. Find and correct the mistakes in the following sentences:

1. This is the more exciting book I've ever read.
2. She is the baddest singer in the competition.

3. My car is expensiver than yours.
4. He is the most stronger player on the team.

20. Discussion/Creative Writing. Write a paragraph comparing your current city to another city you know well. Use at least five comparatives and superlatives.

21. Exercises focusing on comparatives and superlatives. Fill in the blanks with the correct form of the adjective:

1. This exercise is _______ (easy) than the previous one.
2. Of all the students, Sarah is the _______ (good) at math.
3. His explanation was _______ (clear) than mine.
4. This is the _______ (exciting) movie I’ve ever seen.
5. My house is _______ (big) than my neighbor’s house.
6. Tom’s car is the _______ (fast) in the race.
7. The weather today is _______ (cold) than yesterday.
8. Jane is _______ (friendly) than her sister.
9. This book is _______ (interesting) than the one I read last week.
10. She is the _______ (talented) singer in the choir.

22. Choose the correct form of the adjective (comparative or superlative):

1. This is the _______ (more beautiful / most beautiful) painting in the gallery.
2. That movie was _______ (less interesting / least interesting) than the one we watched last time.
3. His performance was _______ (worse / worst) than I expected.
4. The weather this summer is _______ (hotter / hottest) than last year.
5. This puzzle is _______ (easier / easiest) than the one we did yesterday.

23. Rewrite the sentences using the correct comparative or superlative:

1. The exam was _______ than the one we took last week. (difficult)
2. This city has _______ restaurants in the country. (good)
3. Mike is _______ runner in the auditorium. (fast)
4. The movie was not as funny as I thought. (funny)
5. This is the _______ book I’ve read this year. (exciting)

24. Fill in the blanks with either more, less, most, or least:

1. She is the ______ (kind) person I know.
2. This is the ______ (comfortable) chair in the room.
3. Of all the teams, their team is the ______ (successful).
4. He is ______ (patient) than his brother.
5. This restaurant has the ______ (delicious) food in the area.

25. Identify and correct the errors in these sentences:

1. This book is more better than the last one.
2. She is the more taller of the two sisters.
3. That test was the most easy of all.
4. My brother is the most smartest in the auditorium.
5. That was the worse concert I've ever attended.

26. Make comparisons between the following items:

1. Your favorite food and the food you dislike the most (use comparative).
2. Two cities you have visited (use superlative).
3. Your current job and your dream job (use comparative).
4. Two movies you've watched recently (use superlative).
5. Two types of weather (use comparative).

27. Complete the sentences with a suitable comparative or superlative:

1. This hotel is ______ (expensive) than the one we stayed in last time.
2. He is ______ (strong) than his brother but ______ (weak) than his cousin.
3. That was the ______ (terrible) meal I've ever had.
4. The black shirt is ______ (good) than the red one.
5. Out of all my friends, Anna is the ______ (helpful).

28. Fill in the blanks with the correct form of the adjective in brackets (comparative or superlative):

1. Of all the countries I've visited, Japan is the ______ (clean) one.
2. This test is ______ (difficult) than the previous one.
3. Mark is ______ (intelligent) than most of his auditoriummates.

4. The Grand Canyon is one of the ______ (beautiful) places I've seen.
5. Her dress is ______ (colorful) than mine.

29. Write the correct form of the adjective (comparative or superlative):

1. This exercise is ______ (easy) than the one we did yesterday.
2. He is the ______ (strong) athlete on the team.
3. That movie was the ______ (boring) one I've ever seen.
4. She is much ______ (quiet) than her brother.
5. The cake I made was the ______ (delicious) of all.

30. Correct the mistakes in these comparative and superlative sentences:

1. The test was more easier than the last one.
2. This is the most funner activity of the year.
3. His house is more better than mine.
4. He is the more kind person in our group.
5. This is the least expensive of the three options.

Unit Project

31. Go online and find out the best big companies to work for in the world.

1	2
3	4
5	6

32. Go online and find out a different kinds of intelligences (IQ and EQ)

ADDITIONAL TOPICS
INTERNATIONAL ECONOMIC AND TRADE ORGANIZATIONS

– Asia-Pacific Economic Cooperation (APEC)

Description**:** Asia-Pacific Economic Cooperation (APEC) is a forum for 21 Pacific Rim countries (formally Member Economies) that seeks to promote free trade and economic cooperation throughout the Asia-Pacific region.

– Consumers International (CI)

Description**:** Consumers International (CI) is the world federation of consumer groups that, working together with its members, serves as the only independent and authoritative global voice for consumers. With over 220 member organisations in 115 countries, CI is building a powerful international movement to help protect and empower consumers everywhere.

– Economic Cooperation Organization (ECO)

Description**:** The Economic Cooperation Organization (ECO) is an Intergovernmental organization involving seven Asian and three Eurasian nations, part of the South Central Asian Union. It provides a platform to discuss ways to improve development and promote trade, and investment opportunities.

– Eurasian Economic Community (EAEC)

Description**:** The Eurasian Economic Community (EAEC or EurAsEC) originated from the Commonwealth of Independent States (CIS) customs union between Belarus, Russia and Kazakhstan on March 29, 1996. The Treaty on the establishment of the Eurasian Economic Community was signed on October 10, 2000, in Kazakhstan's capital Astana. On October 7, 2005 it was decided between the member states that Uzbekistan would join. Freedom of movement is implemented among the members (no visa requirements). Common Economic Space was launched on January 1, 2010.

– Eurasian Patent Organization (EAPO)

***Description*:** The Eurasian Patent Organization (EAPO) is a regional organization set up by the Eurasian Patent Convention (EAPC). Its task is to grant Eurasian patents.

– European Atomic Energy Community (EU EURATOM)

***Description*:** The European Atomic Energy Community (EAEC or Euratom) is an international organization which is legally distinct from the European Union (EU), but has the same membership, and is governed by the EU's institutions. The purposes of Euratom are to create a specialist market for nuclear power and distribute it through the Community and to develop nuclear energy and sell surplus to non-Community States.

– European Bank for Reconstruction and Development
Description **(EBRD):** European Bank for Reconstruction and Development (EBRD) uses the tools of investment to help build market economies and democracies in 30 countries from central Europe to central Asia. Its mission was to support the formerly communist countries in the process of establishing their private sectors.

– European Free Trade Association (EU EFTA)

***Description*:** The European Free Trade Association (or EFTA) is a free trade organisation between four European countries that operates parallel to, and is linked to, the European Union (EU). Today's EFTA members are Liechtenstein, Iceland, Norway, and Switzerland – the latter two being founding members.

– EUROSTAT (EU)

***Description*:** Eurostat is a Directorate-General of the European Commission located in Luxembourg. Its main responsibilities are to provide statistical information to the institutions of the European Union (EU) and to promote the harmonisation of statistical methods across its member states and candidates for accession as well as EFTA countries.

– International Air Transport Association (IATA)

Description: IATA is an international trade body, created over 60 years ago by a group of airlines. Today, IATA represents some 240 airlines comprising 84% of total air traffic. The organization also represents, leads and serves the airline industry in general.

– International Atomic Energy Agency (IAEA)

Description: The International Atomic Energy Agency (IAEA) is an international organization that seeks to promote the peaceful use of nuclear energy, and to inhibit its use for any military purpose, including nuclear weapons.

– International Bank for Reconstruction and Development (IBRD) – World Bank Group

Description: The International Bank for Reconstruction and Development (IBRD) aims to reduce poverty in middle-income and creditworthy poorer countries by promoting sustainable development through loans, guarantees, risk management products, and analytical and advisory services. Established in 1944 as the original institution of the World Bank Group, IBRD is structured like a cooperative that is owned and operated for the benefit of its 188 member countries.

– International Chamber of Commerce (ICC)

Description: ICC provides a forum for businesses and other organizations to examine and better comprehend the nature and significance of the major shifts taking place in the world economy. We also offer an influential and respected channel for supplying business leadership to help governments manage those shifts in a collaborative manner for the benefit of the world economy as a whole.

– International Energy Agency (IEA)

Description: The IEA is an autonomous organisation which works to ensure reliable, affordable and clean energy for its 28 member countries and beyond. The IEA's four main areas of focus are: en-

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ergy security, economic development, environmental awareness, and engagement worldwide.

– International Finance Corporation (IFC) – World Bank Group Description: IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector in developing countries. Established in 1956, IFC is owned by 184 member countries, a group that collectively determines our policies. Our work in more than a 100 developing countries allows companies and financial institutions in emerging markets to create jobs, generate tax revenues, improve corporate governance and environmental performance, and contribute to their local communities.

– International Monetary Fund (IMF)

Description: The International Monetary Fund (IMF) is an organization of 188 countries, working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world.

– International Trade Centre (ITC)

Description: ITC's mission is to enable small business export success in developing and transition-economy countries, by providing, with partners, sustainable and inclusive development solutions to the private sector, trade support institutions and policymakers.

– Interstate Council for Standardization, Metrology and Certification (EASC)

Description: The Interstate Council for Standardization, Metrology and Certification of the Commonwealth of Independence States (CIS) is the CIS Intergovernmental body for formulation and carrying out of coordinated policy in the field of standardization, metrology and certification. The Interstate Council for Standardization, Metrology and Certification of the Commonwealth of Independence States

(CIS) is the CIS Intergovernmental body for formulation and carrying out of coordinated policy in the field of standardization, metrology and certification.

– Interstate Statistical Committee of Independent States (ISCIS)

Description: The Interstate Statistical Committee of the Commonwealth of Independent States (hereinafter – CIS Statcommittee) is the interstate body acting in the framework of the Commonwealth of Independent States for the purpose of coordinating the activities of national statistical services, promoting the organization of information exchange, analysis of socio-economic development of the states and elaborating common recommendations in the field of statistics.

– Multilateral Investment Guarantee Agency (MIGA) – World Bank

Group

Description: MIGA is a member of the World Bank Group. Its mission is to promote foreign direct investment (FDI) into developing countries to help support economic growth, reduce poverty, and improve people's lives.

– Nuclear Energy Agency (NEA) – OECD

Description: The Nuclear Energy Agency (NEA) is a specialised agency within the Organisation for Economic Co-operation and Development (OECD), an intergovernmental organisation of industrialised countries based in Paris, France. The NEA mission is to assist its member countries in maintaining and further developing, through international co-operation, the scientific, technological and legal bases required for a safe, environmentally friendly and economical use of nuclear energy for peaceful purposes. To provide authoritative assessments and to forge common understandings on key issues as input to government decisions on nuclear energy policy and to broader OECD policy analyses in areas such as energy and sustainable development.

– **Organisation for Economic Co-operation and Development (OECD)**

Description: The mission of the Organisation for Economic Co-operation and Development (OECD) is to promote policies that will improve the economic and social well-being of people around the world. The OECD provides a forum in which governments can work together to share experiences and seek solutions to common problems. We work with governments to understand what drives economic, social and environmental change. We measure productivity and global flows of trade and investment. We analyse and compare data to predict future trends. We set international standards on a wide range of things, from agriculture and tax to the safety of chemicals.

– **Organization of the Black Sea Economic Cooperation (BSEC)**

Description: The Black Sea Trade and Development Bank (BSTDB) is an international financial institution that was formed on January 24, 1997. Supports economic development and regional cooperation by providing trade and project financing, guarantees, and equity for development projects supporting both public and private enterprises in its member countries. Objectives of the bank include promoting regional trade links, cross country projects, foreign direct investment, supporting activities that contribute to sustainable development, with an emphasis on the generation of employment in the member countries, ensuring that each operation is economically and facilities sound and contributes to the development of a market orientation.

– **Organization of the Petroleum Exporting Countries (OPEC)** Description: OPEC is a permanent intergovernmental organization of 12 oil-exporting developing nations that coordinates and unifies the petroleum policies of its Member Countries.

– Research Fund for Coal and Steel (EU RFCS)

Description: The RFCS supports research projects in coal and steel sectors. These projects cover: production processes; application, utilisation and conversion of resources; safety at work; environmental protection and reducing CO2 emissions from coal use and steel production.

– UN Commission on International Trade Law (UNCITRAL) **Description:** The core legal body of the United Nations system in the field of international trade law. A legal body with universal membership specializing in commercial law reform worldwide for over 40 years. UNCITRAL's business is the modernization and harmonization of rules on international business.

– UN Conference On Trade and Development (UNCTAD) **Description:** Established in 1964, UNCTAD promotes the development – friendly integration of developing countries into the world economy. UNCTAD has progressively evolved into an authoritative knowledge-based institution whose work aims to help shape current policy debates and thinking on development, with a particular focus on ensuring that domestic policies and international action are mutually supportive in bringing about sustainable development.

– UN Economic and Social Commission for Western Asia (UN ESCWA)

Description: The Economic Commission for Western Asia (ECWA) was established on August 9, 1973 pursuant to the Economic and Social Council's resolution 1818 (LV). The purpose of setting up the Commission was to raise the level of economic activity in member countries and strengthen cooperation among them. It was also intended to meet the need of the countries in Western Asia for the services of a regional economic commission to promote the development efforts in the region.

– UN Economic and Social Commission for Asia and the Pacific (UN ESCAP)

Description: The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) is the regional development arm of the United Nations for the Asia-Pacific Region. Made up of 62 member States, with a geographical scope that stretches from Turkey in the west to the Pacific island nation of Kiribati in the east, and from the Russian Federation in the north to New Zealand in the south. Established in 1947 with its headquarters in Bangkok, Thailand, ESCAP works to overcome some of the region's greatest challenges by providing results oriented projects, technical assistance and capacity building to member States in the following areas: Macroeconomic Policy and Development, Trade and Investment, Transport, Social Development, Environment and Sustainable Development, Information and

Communications Technology and Disaster Risk Reduction, Statistics, Sub-regional activities for development.

– UN Economic Comission for Africa (UNECA)

Description: The United Nations Economic Commission for Africa (UNECA or ECA) was established in 1958 by the United Nations Economic and Social Council to encourage economic cooperation among its member states (the nations of the African continent) following a recommendation of the United Nations General Assembly.

– UN Economic Commission for Europe (UNECE)

Description: UNECE's major aim is to promote pan-European economic integration. To do so, it brings together 56 countries located in the European Union, non-EU Western and Eastern Europe, South-East Europe and Commonwealth of Independent States (CIS) and North America. All these countries dialogue and cooperate under the aegis of UNECE on economic and sectoral issues.

– UN Economic Commission for Latin America and the Caribbean (ECLAC)

Description: The United Nations Economic Commission for Latin America and the Caribbean (UNECLAC or ECLAC) was established in 1948 (then as the UN Economic Commission for Latin America, or UNECLA) to encourage economic cooperation among its member states. In 1984, a resolution was passed to include the countries of the Caribbean in the name. It is one of five regional commissions under the administrative direction of United Nations headquarters. The ECLAC has 44 member States and eight non-independent territories in the Caribbean, and reports to the UN Economic and Social Council (ECOSOC). As well as countries in Latin America and the Caribbean, it includes Canada, France, Germany, the Netherlands, Portugal, Spain, Italy, the United Kingdom, the United States, Japan and South Korea.

– UN Food and Agriculture Organization of the United Nations (UN IFAO)

Description: The Food and Agriculture Organization of the United Nations (FAO) is a specialised agency of the United Nations that leads international efforts to defeat hunger. Serving both developed and developing countries, FAO acts as a neutral forum where all nations meet as equals to negotiate agreements and debate policy.

– UN Industrial Development Organization (UNIDO)

Description: The United Nations Industrial Development Organization (UNIDO) is a specialized agency of the United Nations. Its mandate is to promote and accelerate sustainable industrial development in developing countries and economies in transition, and work towards improving living conditions in the world's poorest countries by drawing on its combined global resources and expertise.

– UN International Fund for Agricultural Development (UN IFAD)

Description: International Fund for Agricultural Development (IFAD), a specialized agency of the United Nations. It was established to finance agricultural development projects primarily for food production in the developing countries. IFAD is dedicated to eradicating rural poverty in developing countries.

– UN International Labour Organization (UN ILO)

Description: The ILO is the international organization responsible for drawing up and overseeing international labour standards. It is the only 'tripartite' United Nations agency that brings together representatives of governments, employers and workers to jointly shape policies and programmes promoting Decent Work for all. This unique arrangement gives the ILO an edge in incorporating 'real world' knowledge about employment and work.

– UN World Food Programme (UN WFP)

Description: WFP is the food aid arm of the United Nations system. Food aid is one of the many instruments that can help to promote food security, which is defined as access of all people at all times to the food needed for an active and healthy life.

– UN World Intellectual Property Organization (UN WIPO)

Description: The World Intellectual Property Organization (WIPO) is the United Nations agency dedicated to the use of intellectual property (patents, copyright, trademarks, designs, etc.) as a means of stimulating innovation and creativity.

– UN World Tourism Organization (UNWTO)

Description: The World Tourism Organization (UNWTO) is the United Nations agency responsible for the promotion of responsible, sustainable and universally accessible tourism. As the leading international organization in the field of tourism, UNWTO promotes tourism as a driver of economic growth, inclusive development and environmental sustainability and offers leadership and support to the sector in advancing knowledge and tourism policies worldwide.

– World Bank Group

Description: The World Bank Group (WBG) is a family of five international organizations that makes leveraged loans, generally to poor countries. Its five agencies are: International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Corporation (IFC), Multilateral Investment Guarantee Agency (MIGA), International Centre for Settlement of Investment Disputes (ICSID). The World Bank's (the IBRD and IDA's) activities are focused on developing countries, in fields such as human development (e.g: education, health), agriculture and rural development (e.g: irrigation, rural services), environmental protection (e.g: pollution reduction, establishing and enforcing regulations), infrastructure (e.g: roads, urban regeneration, electricity), and governance (e.g: anti-corruption, legal institutions development). The IBRD and IDA provide loans at preferential rates to member countries, as well as grants to the poorest countries.

– World Customs Organization (WCO)

Description: The World Customs Organization (WCO) is the only intergovernmental organisation exclusively focused on Customs matters. With its worldwide membership, the WCO is now recognised as the voice of the global Customs community. It is particularly noted for its work in areas covering the development of global standards, the simplification and harmonisation of Customs procedures, trade supply chain security, the facilitation of international trade, the enhancement of Customs enforcement and compliance activities, anti–counterfeiting and piracy initiatives, public-private partnerships, integrity promotion, and sustainable global Customs capacity building programmes. The WCO also maintains the international Harmonized

System goods nomenclature, and administers the technical aspects of the WTO Agreements on Customs Valuation and Rules of Origin.

– World Economic Forum

Description: The World Economic Forum is an independent international organization committed to improving the state of the world by engaging business, political, academic and other leaders of society to shape global, regional and industry agendas.

– World Trade Organization (WTO)

Description: The World Trade Organization (WTO) is the only global international organization dealing with the rules of trade between nations. At its heart are the WTO agreements, negotiated and signed by the bulk of the world's trading nations and ratified in their parliaments. The goal is to help producers of goods and services, exporters, and importers conduct their business.

INTERNATIONAL ORGANIZATIONS BY GROUP

World Bank Group

– International Bank for Reconstruction and Development (IBRD) – World Bank Group

International Finance Corporation (IFC) – World Bank Group

Multilateral Investment Guarantee Agency (MIGA) – World Bank Group

European Union

European Atomic Energy Community (EU EURATOM)
European Free Trade Association (EU EFTA)
EUROSTAT (EU)
Research Fund for Coal and Steel (EU RFCS)

United Nations

UN Commission on International Trade Law (UNCITRAL)
UN Conference On Trade and Development (UNCTAD)

UN Economic and Social Commission for Western Asia (UN ESCWA)
UN Economic and Social Commission for Asia and the Pacific (UN ESCAP)
UN Economic Comission for Africa (UNECA)
UN Economic Commission for Europe (UNECE)
UN Economic Commission for Latin America and the Caribbean (ECLAC)
UN Food and Agriculture Organization (UN FAO)
UN Industrial Development Organization (UNIDO)
UN International Fund for Agricultural Development (UN IFAD)
UN International Labour Organization (UN ILO)
UN World Food Programme (UN WFP)
UN World Intellectual Property Organization (UN WIPO)
UN World Tourism Organization (UNWTO)
OECD
Organisation for Economic Co-operation and Development (OECD)
Nuclear Energy Agency (NEA) – OECD

INTERNATIONAL ORGANIZATIONS BY REGION

Africa
UN Economic Comission for Africa (UNECA)

Asia & Asia-Pacific
Asia-Pacific Economic Cooperation (APEC)
UN Economic and Social Commission for Western Asia (UN ESCWA)
UN Economic and Social Commission for Asia and the Pacific (UN ESCAP)

CIS
Eurasian Economic Community (EAEC)
Eurasian Patent Organization (EAPO)
Interstate Council for Standardization, Metrology and Certification (EASC)
Interstate Statistical Committee of Independent States (ISCIS)

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Europe

European Atomic Energy Community (EU EURATOM)

European Bank for Reconstruction and Development (EBRD)

European Free Trade Association (EU EFTA)

EUROSTAT (EU)

UN Economic Commission for Europe (UNECE)

Latin America

UN Economic Commission for Latin America and the Caribbean (ECLAC)

International

Asia-Pacific Economic Cooperation (APEC)

Consumers International (CI)

Economic Cooperation Organization (ECO)

International Air Transport Association (IATA)

International Atomic Energy Agency (IAEA)

International Bank for Reconstruction and Development (IBRD) – World Bank Group

International Chamber of Commerce (ICC)

International Energy Agency (IEA)

International Finance Corporation (IFC) – World Bank Group

International Monetary Fund (IMF)

International Trade Centre (ITC)

Multilateral Investment Guarantee Agency (MIGA) – World Bank Group

Nuclear Energy Agency (NEA) – OECD

Organisation for Economic Co-operation and Development (OECD)

Organization of the Black Sea Economic Cooperation (BSEC)

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UN Industrial Development Organization (UNIDO)

UN International Fund for Agricultural Development (UN IFAD)

UN International Labour Organization (UN ILO)
UN World Food Programme (UN WFP)
UN World Intellectual Property Organization (UN WIPO)
UN World Tourism Organization (UNWTO)
World Bank Group
World Customs Organization (WCO)
World Economic Forum
World Trade Organization (WTO)

ORGANIZATIONS BY SUBJECT

Agriculture
UN International Fund for Agricultural Development (UN IFAD)
UN Food and Agriculture Organization of the United Nations (UN FAO)
Aviation
International Air Transport Association (IATA)

Coal & Steel
Research fund for Coal and Steel (EU RFCS)

Customs
World Customs Organization (WCO)

Economics
Asia-Pacific Economic Cooperation (APEC)
Economic Cooperation Organization (ECO)
Eurasian Economic Community (EAEC)
European Bank for Reconstruction and Development (EBRD)
International Bank for Reconstruction and Development (IBRD) – World Bank Group
International Chamber of Commerce (ICC)
International Finance Corporation (IFC) – World Bank Group
International Monetary Fund (IMF)
Multilateral Investment Guarantee Agency (MIGA) – World Bank Group

Organisation for Economic Co-operation and Development (OECD)

Organization of the Black Sea Economic Cooperation (BSEC)

UN Economic and Social Commission for Western Asia (UN ESCWA)

UN Economic and Social Commission for Asia and the Pacific (UN ESCAP)

UN Economic Comission for Africa (UNECA)

UN Economic Commission for Europe (UNECE)

UN Economic Commission for Latin America and the Caribbean (ECLAC)

UN Industrial Development Organization (UNIDO)

World Bank Group

World Economic Forum

Energy

European Atomic Energy Community (EU EURATOM)

International Atomic Energy Agency (IAEA)

International Energy Agency (IEA)

Nuclear Energy Agency (NEA) – OECD

Food

UN Food and Agriculture Organization (UN FAO)

UN World Food Programme (UN WFP)

Intellectual Property

UN World Intellectual Property Organization (UN WIPO)

Labour

UN International Labour Organization (UN ILO)

Law

UN Commission on International Trade Law (UNCITRAL)

Oil

Organization of the Petroleum Exporting Countries (OPEC)

Patents

Eurasian Patent Organization (EAPO)

Statistics
EUROSTAT (EU)
Interstate Statistical Committee of Independent States (ISCIS)

Standards
Interstate Council for Standardization, Metrology and Certification (EASC)

Tourism
UN World Tourism Organization (UNWTO)

Trade
Consumers International (CI)
European Free Trade Association (EU EFTA)
International Trade Centre (ITC)
UN Conference On Trade and Development (UNCTAD)
World Trade Organization (WTO)

VOCABULARY

A a

acceptance (n.): any variety of a *bill of exchange*, *inland bill*, *draft,* or other *financial instrument* that has been *accept*ed by the *payer* as a legitimate claim upon its *assets* but is not yet paid because the instrument has not yet *matured* or has not yet been presented for payment.

accept (v.): to agree to pay a *bill of exchange*, *inland bill*, *draft,* or other *financial instrument* according to its *usance*. See also *sight draft*, *time draft*

account books (n.): books (or papers or computer files) where *accounts* are maintained. See also *day books*, *double entry*, *journals*, *ledgers, single entry*

accounts (n.): a record of *debits* and/or *credits* maintained by an *entity* in its *account books*.

actuarial (adj.): the condition or state of being created by an *actuary*.

actuary (n.): an entity that computes *insurance risks* and *premiums* in a scientifically and statistically valid way.

acquisition (n.): the purchase, takeover, and *balance sheet consolidation* of one *business entity* by another, typically larger surviving entity.

adverse selection (n.): a type of *asymmetric information* whereby the highest *risks* (2) are the most eager to *borrow* or *insure*. See also *lemons problem*

agency costs (n.): the *costs* incurred by a *principal* when its *agent* does not act on its behalf but

rather in the agent's own interest.

agent (n.): an *entity* enjoined to act on behalf of a *principal* in some *business activity*. See also *agency costs*, *insurance agent*

aggregate output (Y) (n.): 1) the sum total of all *final goods* produced in an economy in some period, typically a quarter or a year; 2) *consumption* (C) plus *investment* (I) plus *government spending* (G) plus *net exports* (NX), as in the equation Y = C + I + G + NX. See also *gross domestic product*

amortize (v.): to repay a *loan* by making *interest* and partial *principal* payments each repayment period, typically a month.

amortization (n.): the process of *amortizing* a *loan*.

annual (n.): year

annually (adj.): once a year. See also *semiannually*, *quarterly*

annuitant (n.): the *owner* or recipient of an *annuity*.

annuity (n.): a type of *insurance policy* that *pays* the *annuitant* a sum of *money* (previously annually but often today monthly) over a pre-specified period or during the annuitant's lifetime or that of his or her spouse.

ask price (n.): the price at which a *dealer* will sell a *security* from its inventory. See also *bid price*

asset (n.): any *good own*ed by any *entity* and held on its *balance sheet*.

asset bubble (n.): the condition when the *price* of an *asset* or *asset auditorium* exceeds its *fundamental value* for an extended period.

asset auditorium (n.): a group of similar *assets* like *bonds*, *equities*, or *real estate*.

association (n.): 1) any one of a number of types of *business entity*; 2) a type of *organization.* See also *Building and Loan associations*, *Savings and Loan associations*

asymmetric information (n.): when one party to a *contract* (*buyer* or *seller*) knows more than the *counterparty*, such as *adverse selection*, *moral hazard*, and the *principal-agent problem*.

B b

bad (n.): 1) anything that no *entity* values at greater than zero; 2) anything that entities are willing to pay to reduce or eliminate. See also *good*

Bagehot's Rule (n.): See *Hamilton's Rule.*

balance sheet (n.): a type of *financial statement* that lists an *entity*'s *assets*, *liabilities*, and *capital*. So called because assets must equal (or in other words be in balance with) liabilities plus capital (which can be *negative*).

balance sheet consolidation (n.): the act of combining the *balance sheets* of two or more *entities*, as in a *merger*.

bank (n.): one of a variety of financial *intermediaries* that accepts *deposits* and makes *loans* and/or that engages in *brokerage*, *merger* and *acquisition* consulting, or *securities issuance*. See also *bank of discount and deposit*, *bank of issue*, *banker*, *Building and Loan association*, *central bank*, *commercial bank*, *credit union*, *depository institution*, *investment bank*, *mutual savings bank*, *private banker*, *Savings and Loan association*, *savings bank*, *thrift, unit bank, universal bank.*

bank (v.): to utilize one or more of the services of a *bank*, particularly to obtain a *loan* or make a *deposit* at a *depository institution*. See also *unbanked*

bank of discount and deposit (n.): an archaic term for a *commercial bank.*

bank of issue (n.): an archaic term for a *bank* that *issued* its own *bank notes*.

banker (n.): an individual engaged in *banking* as a *private banker* or as an employee of a *bank*. See also *financier*

bank notes (n.): a form of *paper money issued* by *banks* (*banks of issue*) and generally *convertible* into *specie* at their respective *face values* at current *coin ratings* at the bank of issue. See also *suspension of specie payments*

bank holding company (n.): a *bank* that holds one or more other *banks* as *assets* on its *balance sheet*.

bank run (n.): 1) historically, when holders of a *bank*'s *demand liabilities*, specifically its *bank notes* or *deposits*, request payment or *conversion* en masse; 2) today, when *creditors* refuse to renew short-term *loans* to a bank, also known as a *silent run*. See also *liability run*

banking (n.): the activities of a *bank* or *banker* such as making *loans*, taking *deposits*, and/or engaging in *investment banking*.

bankrupt (n.): an *entity* in a state of *bankruptcy* in sense 1 or 2 of that word.

bankruptcy (n.): 1) generally, the condition of an *entity* that has *negative net worth*, to wit the *monetary value* of its *liabilities* exceeds the monetary value of its *assets*. 2) the state of an *entity* that has filed for protection from its *creditors* under a *bankruptcy law*. See also *insolvency*

bankruptcy law (n.): a statute that determines how a *bankrupt entity*'s *assets* shall be used to pay its *liabilities*.

base money (n.): any type of *money* that *banks* can count as *reserves*. See also *cash*, *specie*

benefits (n.): 1) the non-monetary compensation of an employee, such as *health insurance*; 2) more generally, the *utility* or *resources* derived by an *entity* from some *good* or activity. See also *costs*.

bill (n.): a *short-dated bond*, especially one *issue*d by the U.S. Treasury. See also *commercial paper.*

bill of credit (n.): a type of *medium of exchange* or *paper money* *issue*d by the colonial governments of mainland British North America and often, though not always, made a full *legal tender*.

bill of exchange (n.): a *short-dated* international *financial instrument* drawn on foreign *entity* in a foreign *currency*. See also *inland bill*

bid price (n.): the price at which a *dealer* will buy a *security* for its inventory. See also *ask price*

bond (n.): 1) generically, any *loan*; 2) in finance, a *negotiable*, *long-dated*, *interest-bearing financial instrument*. See also *bill*, *coupon bond*

bondholder (n.): 1) the *owner* of a *bond*; 2) any *lender* or *creditor* whose *loan* is secured by a *bond*.

boom (n.): See *expansion*

borrower (n.): any *entity* that receives *principal* from a *lender* in *exchange* for a promise to repay the *principal* plus *interest* in the future.

branch (n.): an office of an *intermediary*, typically a *bank*, where *financial services* are provided to customers remotely from the *financial institution*'s headquarters.

broker (n.): any *entity* that *broker*s (v.)

broker (v.): to match the *buyers* and *sellers* of *financial instruments* in exchange for a *commission*. See also *broker, brokerage, deal, dealer, dealing, stockjobber, stockjobbing*

brokerage (n.): an *intermediary* that *brokers* and *deals*. See also *broker-dealer*

broker-dealer (n.): a *brokerage*.

budget deficit (n.): the difference between an *entity*'s (typically a government's) *income* and its *expenditures* that must be *finance*d through the sale of *assets* or the *issuance* of *securities*, usually *bonds* or *money*.

business (n.): 1) an *entity* whose primary goal is to earn *profits*; 2) a *for-profit firm*; 3) of or pertaining to the activities carried out by businesses.

business activity (n.): any actions undertaken by any *business entity* such as *buying*, *selling*, *brokering*, *dealing*, *lending*, *borrowing*, *collateralizing*, *exchanging*, or *trading*.

business entity (n.): an *association*, *corporation*, *partnership*, *sole proprietor*, or other *entity* that buys and/or sells *goods* in an attempt to earn *profits*. See also *business*, *organization*

bust (n.): See *recession*

buyer (n.): the *entity* in a *trade* that gives up *money* and receives a non-monetary *good* in exchange.

Building and Loan Association (n.): a type of *mutual corporation* that specialized in financing the construction of homes that were replaced following the Great Depression by the *Savings and Loan Association*.

bullion (n.): *gold* or *silver* in the form of bars or ingots. See also *specie*

C c

call (n.): a demand made for the payment of a *liability owed* to a *creditor*. See also *call (v.)*, *call loan*.

call (v.): to demand repayment of a sum due or payable.

callable (adj.): lawfully capable of being *call*ed (v.); 2) subject to a *call* (n.).

call loan (n.): a *loan*, typically an overnight one *collateralized* by *stock*, that the *lender* can *call* (v.) at any time.

call option (n.): a type of *option derivative* that gives the *option holder* the right but not the obligation to purchase some predetermined *asset* at a predetermined *strike price*. See also *option*, *put option*

capital (n.): 1) an *entity*'s *net worth*; 2) the contributions of *stockholders* to a *joint-stock corporation*; 3) productive physical *assets* such as factories. See also *human capital*

capitalism (n.): an *economic* and political system characterized by *Lockean government*, a modern *financial system*, open access *en-*

trepreneurship, and modern *management* but also by some level of *corruption*, *rent seeking*, and the *exploitation* of taxpayers and workers.

capital requirements (n.): *capital* (1) mandated by some *regulator* or law, typically expressed as a percentage of a bank's *assets*.

cash (n.): 1) any physical *medium of exchange* that *circulates* or passes easily hand to hand to make *exchanges*; 2) slang for *short-dated commercial paper*.

cash (v.): to convert a *financial instrument* like a *check* or a *whole life insurance policy* into *money*.

cash flow (n.): the movement of *cash* into and out of an *entity* during some finite period such as a month or a quarter.

cash value (n.): the sum of *money* that can be obtained for the relinquishing a *whole life insurance policy*.

central bank (n.): a *bank* established by a government to develop and implement *monetary policy* and/or act as a *lender of last resort* during *crises* and/or *regulate financial firms* and *markets*.

certificate of deposit (CD): a type of *time deposit* whereby the *depositor* agrees to pay a penalty if she/he/it withdraws the *principal* before *maturity*, a pre-specified date some months or years after making the *deposit*. See also *negotiable certificate of deposit*

charter (n.): a statute or special act of incorporation authorizing the creation of a *corporation*. See also *general incorporation act*

check (n.): a type of *draft* or written request for payment, typically to a third party, by a *depositor* in a *bank*.

circulation (n.): 1) in the *economy*, passing from hand to hand as *cash*; 2) an archaic term that referred to *bank notes* circulating outside the *bank* of *issue*.

coins (n.): pieces of metal, typically formed into the shape of thin round discs, and embossed with information about its origin (*issuer*, date of *issue*, *denomination*, and so forth). See also *full-bodied coins*, *token coins*

coin rating (n.): the *monetary value* assigned by governments or other *entities* to specific *specie coins*, typically *full-bodied.*

collateral (n.): any *asset* pledged for the repayment of a *loan*.

collateralize (v.): to pledge *collateral* for the repayment of a *loan*.

collateralized (adj.): backed by *collateral*.

commercial bank (n.): a type of bank that primarily makes *loans*, traditionally *discounts*, to businesses and that *issues* mainly *checking* or other *transaction deposits*.

commercial paper (n.): a generic term for any type of *short-dated financial instrument*, such as a *bill of exchange*, *issued* by a *business entity*. See also *bill*

commission (n.): a percentage of the sale *price* of an *asset* paid to a *broker* for its *broker*ing services.

commodity money (n.): *cash* or *media of exchange* that derive their *liquidity* from the *monetary value* of the commodities, such as *copper*, *silver*, or *gold*, that comprise them.

commonweal (n.): for the *benefit* of the community writ large.

community bank (n.): any relatively small bank that provides financial services to a relatively small geographical area. See also *Building and Loan association*, *country bank*, *credit union*, *Savings and Loan association*, *savings bank*, *thrift*.

consumption (n.): 1) the use, using, or using up of a *good*; 2) one of the major components of *aggregate output* (Y).

contract (n.): an agreement, written or oral but typically legally binding, between two or more parties specifying precise terms for the *sale* or *exchange* of one or more *goods*.

contract (v.): 1) to shrink, as in an *economic contraction*; 2) the act of consummating a *contract* (n.).

conversion (n.): the act of changing (converting) one type of *asset* into another.

convertible (adj.): subject to being changed (converted) from one type of *asset* to another. See also *bank notes, convertible bonds*

convertible bonds (n.): a type of *bond* that can be changed (converted) into another *security*, typically an *equity*.

convertible money (n.): any type of *money* that can be changed (converted) into another type of money, such as *bank notes* into *specie*. See also *credit money*

copper (n.): a metallic element, symbol Cu and atomic number 29, used to make small *denomination full-bodied* and *token coins*.

corporation (n.): a legal device granting an *entity* special rights, including, in the case of business entities, *perpetual succession*, *limited liability*, and *entity shielding*. See also *charter*

corruption (n.): 1) manipulation of the political system by *special interests* for special interests; 2) the abuse of power by government officials, typically through *rent seeking* activities such as taking bribes.

costs (n.): the expenditure of *resources*, including *cash*. See also *opportunity costs*, *sunk costs*

counterparty (n.): the other party to a *contract* like a *derivative* or *loan*.

country bank (n.): an archaic term for a *community bank* located in a rural or non-money center (sub)urban area.

coupon (n.): 1) the physical piece of a *coupon bond* that *bondholders* clipped off and presented for payment to the *bond*'s *issuer* or its *redemption agent*; 2) an *interest* payment on a coupon bond.

coupon bond (n.): 1) specifically, a type of *bond* upon which *interest* was paid when the *bondholder* clipped off a section of the bond called a *coupon* and presented it to the *issuer* or its *redemption agent*; 2) generically, any bond that pays interest periodically, such as *quarterly* or *semiannually*.

credit money (n.): any type of *money*, such as *bank notes* and *deposits*, the value of which is dependent on the *creditworthiness* of the *issuer*. See also *convertible money*

creditor (n.): an *entity* to which something, typically *money*, is *owed* by its *debtor*.

credits (n.): 1) generically, an *account*ing term for things received by an *entity*, typically stated in terms of its *monetary value*; 2) in *banking*, a deposit or other payment by a customer to the *bank*.

creditworthy (adj.): an *entity* that is thought willing and able to meet all of its current *financial obligations*. See also *creditworthiness*

credit worthiness (n.): the condition of being *creditworthy*.

crisis (n.): See *financial crisis*

currency (n.): 1) *cash*; 2) the prevailing *unit of account* or *coin rating*. **current money (n.):** an archaic term for *cash*.

credit crunch (n.): a period characterized by a general dearth of *liquidity* and a decline in the volume of *bonds* and *loans*.

credit union (n.): a type of *community bank*, *depository institution*, or *thrift* owned by its *depositors* and *charter*ed as a credit union. See also *mutual corporation*

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D d

day book (n.): a type of *single entry account book* that records *exchanges* on a chronological basis without categorization, much like a cash register roll.

deal (v.): to offer to *buy securities* at a *bid price* and simultaneously offer to *sell* the same securities at an *offer price* and *profiting* from the difference or *spread* between the two prices.

dealer (n.): an entity that *deals* or engages in *dealing*.

dealing (n.): the act of *buying* and *selling securities* at stated *bid* and *ask prices*, respectively.

debits (n.): 1) generically, an *account*ing term for things given up by an *entity*, typically stated in terms of its *monetary value*; 2) in *banking*, a loan or other payment by a *bank* to a customer.

debt (n.): anything *owed* to another entity, typically *money*.

debt instrument (n.): any of a variety of *financial instruments* representing a *debt* suggest as an *IOU*.

debtor (n.): an *entity* which *owes* something, typically *money*, to its *creditor*.

default (n.): the failure of an *issuer* or other *lender* to make one or more *contractual* payments of *principal* or *interest* due on a *bond* or other *debt instrument*.

default (v.): to fail to make a payment due on a *bond* or other *debt instrument*.

default risk (n.): the probability of *default* (n.).

demand (n.): 1) the quantity of a *good* that *buyers* desire to purchase at any given *price*; 2) a request for immediate payment or *conversion*. See also *demand* (v.)

demand (v.): to request a payment or *conversion* that has fallen due. See also *call*, *demand liabilities*

demand liabilities (n.): *liabilities* that *lenders* can *call* (*demand* the payment of) on demand (n., 2, no or short notice). See also *bank notes*, *checking deposits*

denomination (n.): the *face value* of a *bank note, bill of credit,* or *coin*.

depositor (n.): an *entity* that *owns* a *bank deposit*.

depository institution (n.): any type of *bank* that issues *deposits*, including *Building and Loan associations*, *commercial banks*, *credit unions*, *mutual savings banks*, *Savings and Loan associations*, *savings banks*, and *universal banks* but not *investment banks*.

deposit (n.): a sum owed by a *bank* to a *depositor*. See also *checking deposits*, *savings deposits*

deposit (v.): to create any variety of a *deposit* (n.) in a bank by placing *money* at its disposal or by obtaining a *loan* from it.

derivative (n.): a financial instrument the *monetary value* of which is linked to the price of some *underlying asset*. See also *forwards*, *futures*, *options*, *swaps*

direct public offering (DPO) (n.): an offering of *shares* in itself by a *business entity* to members of the public directly, to wit without the *services* of an *investment bank* or other *intermediary*.

discount (n.): a type of *loan* whereby a *bank* or other *lender* pays the *borrower* the *discounted present value* of a *promissory note* or *bill of exchange* in *exchange* for the right to collect the *face value* of the discounted *instrument* at its *maturity*.

discount (v.): to make a *discount loan* by paying the *discounted present value* of a *financial instrument* in *exchange* for the right to collect its *face value* at its *maturity*.

discounted present value (v.): is the *price* (*present value*) of an *asset* determined by the formula PV (price) equals FV (*future value* or *face value*) divided by one plus the *interest rate*. Note that for any interest rate greater than zero the equation will yield a price less than the face value. The difference between the face value and current price is the time value of *money*.

dishonor (v.): an archaic term meaning to *default* (v.). See also *honor*

disintermediation (n.): the process or condition of reducing *exchanges* between *borrowers* and *lenders*. See also *intermediation*

double entry (adj.): a method of keeping *accounts* that is more sophisticated than *single entry* because it involves describing both the *credit* and *debit* aspect of each *exchange*.

draft (n.): a written request for payment, typically to a third party, drawn by a *creditor* of the *payer*. See also *check, sight draft, time draft*

drawee (n.): the *entity* being *drawn upon* by a *drawer* or putative *creditor*; 2) the *acceptor*; 3) the *payer*.

drawer (n.): the *entity drawing on* its money in the possession of its putative *debtor* or *drawee*.

draw on (v.): to formally request a putative *debtor* to make payment per the terms specified in a *check*, *draft*, or *bill of exchange*.

E e

economic contraction (n.): See *recession*

economic history (n.): the study of past states of the *economy* using the analytical tools of *economists* and the source material of historians. See also *history of economic thought*

economics (n.): the social science devoted to the study of the *economy*, especially the production and consumption of *goods*. See also *economists*

economists (n.): individuals who study *economics*.

economy (n.): the sum total of all the interactions of *entities* in *markets* at any given time. See also *aggregate output*, *gross domestic product*

entity (n.): 1) a *firm*, government, individual, *organization*, or *business entity*; 2) an *economic* unit of production and/or consumption.

entity shielding (n.): a privilege that protects the *assets* of *corporations* from seizure by the *creditors* of *bankrupt* owners, typically *stockholders*.

entrepreneur (n.): 1) generally, any *entity* that attempts to increase its *utility* by innovating; 2) an individual who establishes a new *business entity*; 3) a *business entity* that attempts to invent a new *good*, develop a new *market*, introduce a new method of production or distribution, discover a new source of supply, reorganize an existing industry, or engage in *rent-seeking*.

entrepreneurship (n.): the state or condition of being an *entrepreneur*.

equity (n.): 1) a share in a *corporation*; 2) *net worth*.

equity market (n): a *market* where *equities* or *shares* are *exchanged*. See also *stock exchange*

exchange (n.): 1) the process of engaging in *exchange* (v.); 2) a physical location for trading *securities*; 3) an *entity* than maintains an exchange.

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exchange (v.): to give one thing for another, typically *money* for a non-monetary *good*.

expansion (n.): a state of the economy during which *aggregate output*, typically as measured by *Gross Domestic Product*, increases past all previous levels.

expenditures (n.): *money* that flows out of one *entity* and, typically, into another. See also *income*, *revenue.*

exploitation (n.): the stealing of *resources* from another, typically weaker, *entity*.

exports (n.): *goods* produced domestically but *consumed* abroad or consumed by foreign *entities* domestically (e.g. tourism).

externalities (n.): a type of *market failure* created when *prices* do not reflect the full *costs* or *benefits* of a *good* to society. See also *negative externalities*, *positive externalities*

F f

face value (n.): the *monetary value* expressed on (the face of) a *financial instrument*, *bank note*, or *coin.*

Federal Reserve System (Fed) (n.): the U.S. *central bank* established in 1913 and still in operation today.

Federal Reserve Notes (FRN) (n.): *fiat paper money* issued by the *Federal Reserve System*.

fiat money (n.): 1) a type of *non-commodity money*, typically made of paper or token coins, that derives its value from *legal tender* provisions; 2) *fiduciary money*. See also *paper money*, *token coins.*

fiduciary money (n.): 1) a type of *non-commodity money* composed of substances with a monetary value far below the *face value* of the fiduciary note or *coin* that derives its value from the public's belief that they will be able to *exchange* the money at its face value due to its current widespread acceptance; 2) *fiat money*. See also *paper money*, *token coins*

final goods (n.): goods that are consumed or invested and not used in the production of other goods.

finance (n.): the science of managing *assets*, including *money*.

finance (v.): to obtain the *money* necessary to attempt completion of some *project*.

financial condition (n.): the overall status of an *entity*'s *assets*, *liabilities*, *equity* (*capital*), *income*, and *cash flow* at any given time.

financial crisis (n.): a period characterized by rapid reductions in the *monetary value* of *financial assets* and the *market capitalization* of *financial institutions* and, typically, non-financial *entities* as well. See also *bank run*, *credit crunch, financial panic, stock market crash.*

financial guarantee (n.): a type of *financial obligation* whereby the guarantor or surety promises to pay some third party if a guaranteed *entity defaults* on its *debt* or otherwise fails to perform according to *contract*.

financial industry (n.): the sum of all *business entities* serving any *financial market*.

financial institution (n.): 1) narrowly, a *business entity* that provides *financial service*(s); 2) broadly, any business or government *entity* involved in any way in any *financial market*.

financial instrument (n.): any variety of financial *contract*, including *cash*, *bond*, *equity*, or *derivative*.

financial market (n.): any *market* for any *financial instrument* or *financial service*.

financial obligations (n.): anything owed, owing, or potential owing, such as *liabilities*, *endorsements*, and *financial guarantees*.

financial panic (n.): a period characterized by the panicked selling of *assets* to increase the *reserves* of *banks* or the *cash* balances of other types of *entities*. See *Panic of 1792 …*

financial service (n.): any of a range of *services* related to *financial instruments*, *derivatives*, *insurance*, *money*, *intermediation*, or any other *financial good*.

financial statement (n.): a generic term for any type of account of any *entity*'s *financial condition*, including *balance sheets* and *income* and *cash flow* statements.

financial system (n.): all *financial institutions* and *markets* and their multifarious interconnections.

financier (n.): a *banker* or other individual who provides one or more *financial services* on behalf of himself/herself or a *bank*, *broker*, or other *intermediary*.

firm (n.): 1) any *business entity*; 2) a small or private *business entity* such as a *sole proprietorship* or *partnership*, as in a law firm.

for profit (n.): an *organization*, typically a *business entity*, with the common goal of earning a *profit*. See also *non-profit*, *not-for-profit*

forward contract (n.): singular version of *forwards*

forwards (n.): a type of *derivative* whereby a *buyer* and *seller* agree to *exchange* a specific quantity of some *asset* or other *good* at a future date for predetermined price. See also *futures*

free ride (v.): to enjoy the *benefits* of a *good* without paying for it.

free rider (n.): any *entity* that *free rides*.

full-bodied coins (n.): 1) *specie*; 2) *coins* that derive their *monetary value* from the intrinsic value of the *gold*, *silver*, *copper* (or occasionally other metal) they contain rather than from a *legal tender* provision; non-*token coins*.

fundamental value (n.): the rational value of an *asset* based on its intrinsic characteristics and *interest rates*.

future value (n.): the *principal*, *par value*, or *face value* of a *bond* or other *debt instrument*, so called because that is the *monetary sum* promised to be paid in the future.

futures (n.): a type of *derivative*, specifically a *forward contract* that has been standardized and trades on an *exchange*.

G g

gold (n.): a metallic element with symbol Au and atomic number 79 used, among other things, to create *full-bodied* and *token coins*. See also *specie*

good (n.): a *product* or *service* that someone values greater than zero, that people are willing to pay in order to obtain. See also *bad*

government bond (n.): a *bond* issued by a national or municipal (sub-national) government. See also *municipal bond*; *sovereign bond*

government expenditure (G) (n.): 1) *money* spent by the government on *final goods* (i.e., not simply redistributed to citizens via Social Security or other social programs); 2) one of the major components of *aggregate output* (Y).

government failure (n.): the inability of a government to meet one or more of its goals due to its own inadequacy. See also *regulatory capture*

gross domestic product (GDP) (n.): one of the most widely used estimates of *aggregate output* (Y).

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H h

Hamilton's Rule (n.): a rule developed by Treasury Secretary Alexander Hamilton (1755-1804) during the *Panic of 1792* that instructs *central banks* or other *lenders of last resort* to *lend* freely at a penalty *rate of interest* to any *entity* that can post sufficient *collateral*.

health insurance (n.): an *insurance policy* that *indemnifies policyholders* if a covered event, such as an illness or hospitalization, occurs while the policy is in effect.

history of economic thought (n.): the study of past beliefs of *economists*. See also *economic history.*

honor (v.): archaic term meaning to make payment.

human capital (n.): the ability of individuals to create *goods*.

hybrid corporation (n.): a *corporation* that is partly owned by *stockholders* and partly by customers; 2) a corporation that is part *joint-stock* and part *mutual*.

hybrid failures (n.): intricate combinations of *market failures* and *government failures*.

I i

illiquid (adj.): the condition of an *asset* that cannot be sold in timely manner at or close to its *fundamental value*. See also *illiquidity*, *liquid*, *liquidity*

illiquidity (n.): the state of being *illiquid.* See also *liquid*, *liquidity*

imports (n.): *goods* produced abroad but *consumed* domestically or purchased abroad by citizens of the importing nation (e.g. tourism).

income (n.): *money* that is incoming, that flows into an *entity*. See also *expenditure*

indemnify (v.): to compensate for a damage or loss actually incurred.

inflation (n.): sustained increases in the *price level*.

initial public offering (IPO) (n.): an offering of *shares* in itself by a *business entity* to members of the public with the aid of an *investment bank* or other *intermediary*.

in kind loan (n.): the *lending* of a specific *good* rather than of *money*.

inland bill (n.): a *short-dated financial instrument drawn on* a domestic *entity*. See also *bill of exchange.*

insolvency (n.): the inability of an *entity* to pay legitimate demands on it, either from *bankruptcy* or *illiquidity*.

insurance (n.): a mechanism for spreading *risks*, typically in an *actuarial*ly or scientifically sound manner, through the issuance of *insurance policies*.

insurance agent (n.): an *agent* hired by an *insurance company* or other *insurer* to sell its *insurance policies* and to provide basic customer service.

insurance company (n.): a *business entity*, typically in the form of a *corporation*, that acts as an *insurer*.

insurance policy (n.): a contract specifying the terms upon which an *insurer* promises to *indemnify* the *policyholder* or *insured* for some loss.

insured (n.): the *entity* reimbursed when/if some contingency specified in an *insurance policy* occurs.

insurer (n.): the issuer of an *insurance policy*.

instrument (n.): 1) a *financial instrument*; 2) a *monetary policy* tool.

interest (n.): 1) the opportunity cost of *money*; 2) a rental charge for the use of *money.*

interest only loan: a *loan* in which the *borrower* repays no principal, only *interest,* forever (*perpetuity*) or for some pre-specified period.

interest rate (n.): 1) the *interest* (promised or received) over some period, typically a year, divided by the *principal* of a *bond* or other *loan*, generally expressed as a percentage; 2) *yield*. See also *rate of return.*

intermediary (n.): any *entity*, but typically a *business entity*, that *brokers exchanges* between *lenders* and *borrowers*. See also *banks*, *insurers*

intermediation (n.): 1) the function of an *intermediary*; 2) the process of *brokering exchanges* between *borrowers* and *lenders*. See also *disintermediation*

investment (n.): 1) an *asset* purchased by an *investor* with the aim of earning a *profit*; 2) a major component of *aggregate output* (Y) that measures purchases of machines, factories, and inventory by businesses (I).

investment bank (n.): a type of *bank* owned and/or run by *investment bankers* that engages in *brokerage*, *issuance* of *securities*, and *merger and acquisition* consulting.

investment banker (n.): a *banker* primarily engaged in *brokerage*, *issuance* of *securities*, and *merger and acquisition* consulting.

investment banking (n.): the activities of an *investment banker*.

investor (n.): an entity that intends to earn a *profit* by buying, holding, or selling a *financial instrument* such as a *bond* or *equity*.

IOU (n.): a *short-dated debt instrument*, like a *promissory note*, so called because "I owe you."

issuance (n.): the act of *issuing*.

issue (n.): a thing, typically a *bank note*, *coin, deposit, insurance policy, or security*, *issue*d.

issue (v.): to emit, put into *circulation*, or put into effect.

issuer (n.): any *entity* that *issue*s (v.) any type of *issue* (n.).

J j

joint-stock company (n.): an unincorporated or un*charter*ed *business entity* owned by stockholders. See also *joint-stock corporation*

joint-stock corporation (n.): a type of *corporation* owned by *stockholders*. See also *hybrid corporation*, *joint-stock company*, *mutual corporation*

journal (n.): a type of *double-entry account book* that tracks transactions chronologically first, then by category.

L l

ledger (n.): a type of *double-entry account book* that tracks transactions by category first, then chronologically within each category.

legal tender (n.): 1) an obligation created and enforced by governments on *entities* to accept a specific *medium of exchange* at its *face value* in either a) all debts public and private (full tender) or b) all public debts (public tender); 2) any medium of exchange that enjoys full legal tender status. See also *fiat money*

lemons problem (n.): a famous example of *adverse selection* and *asymmetric information*

wherein *buyers* of used vehicles pay too much for unreliable automobiles, trucks, and so forth.

lender (n.): any *entity* that provides *principal* to a *borrower* in *exchange* for repayment of the principal plus *interest* in the future.

lender of last resort (n.): a *central bank* or other *monetary authority* charged with *lending* to *entities* in the wake of a *financial crisis* or *panic* when other sources of loans are less or completely unavailable due to high degrees of *risk* and/or *uncertainty*.

liability run (n.): when *depositors*, *lenders*, or other *creditors call* or refuse to renew *loans* to an *entity*, such as a *bank*. See also *bank run*

liabilities (n.): anything owed by one *entity* to another. See also *demand liabilities*

life insurance (n.): an *insurance policy* that *indemnifies a policyholder* or *beneficiary* if a covered event, such as the death of the *insured*, occurs when the policy is in effect. See *term life*, *whole life*

limited liability (n): a common feature in *charters* that protects *stockholders*' personal wealth in the event of the *corporation*'s *bankruptcy*.

liquid (adj.): the condition of an asset that can be easily or quickly sold for cash at close to its monetary value. See also *illiquid*, *liquidity*

liquidity (n.): 1) the state of being *liquid*; 2) *cash* issued by a *central bank* or other *monetary authority* to render *assets* more liquid. *See also* illiquid

loan (n.): a type of contract whereby a *borrower* promises to repay to a *lender* the *principal* sum *borrow*ed plus *interest*.

Lockean government (n.): a government ostensibly dedicated to the protection of the lives, liberty, and property of its citizenry.

Long dated (adj.): having more than a year to *maturity* but not a *perpetuity*.

loss (n.): 1) the *sale* of an *asset* at less than its *purchase price*; 2) diminution of the *monetary value* of an *asset* for which *indemnification* from an *insurer* on an *insurance policy* is sought; 3) the negative difference between a *business entity*'s total *revenues* and its total *costs*. See also *profit*

M m

Madisonian constitution (n.): a frame of government that limits tyranny through the use of checks and balances or the diffusion of power over multiple branches or levels of government.

13. Sargyt № 1079

management (n.): 1) all of the *managers* of an *entity*; 2) the art and science of efficiently operating large, complex organizations, especially *joint-stock corporations*.

manager (n.): an individual charged with administering, running, or operating a *business entity* or *organization*.

market capitalization (n.): the *monetary value* of a *corporation* calculated by multiplying the price of one of its *shares* by the total number of shares outstanding.

market failure (n.): the inability of a *market* to achieve one or more of its goals due to its own inadequacy. See also *asset bubbles*, *asymmetric information*, *externalities*, *market power*, *public goods*
market power (n.):

markets (n.): wherever or how ever *entities exchange goods* at *prices* determined primarily by *supply* and *demand*.

maturity (n.): the date when a *debt instrument*'s *principal* falls due and needs to be paid lest a *default* be declared.

media of exchange (n.): anything that *circulates* hand to hand as *cash money*. See also *bank notes*, *bills of credit*, *checking deposits*, *Federal Reserve notes*

merger (n.): the *balance sheet consolidation* of two *business entities*, typically of similar size, the result of which is a new, larger entity.

monetary authority (n.): the *central bank*, *currency board*, or other government agency charged with developing and implementing a nation's *monetary policy*, including the *money supply* and *interest rates*.

monetary policy (n.): the actions of *monetary authorities*, such as *central banks*, designed to influence the *money supply* and *interest rates*.

monetary value (n.): the *price* or worth of something in terms of *money*, as opposed to *use value*.

money (n.): 1) physical *media of exchange*; 2) abstract *unit of account*; 3) long-term *store of value*. See also *base money*, *bills of credit*, *cash*, *circulation*, *coins*, *commodity money*, *currency*, *deposits*, *Federal Reserve Notes, fiat money, specie*

money of account (n.): *monetary values* represented in *account books*.

money supply (n.): the total *monetary value* of all the *money* in actual *circulation* or use in an economy. moral hazard (n.):

mortgage (n.): a type of *loan* wherein the *borrower* pledges *real estate* as *collateral*.

municipal bond (n.): a type of *government bond* issued by a sub-national government such as a state, county, or city.

mutual corporation (n.): a type of *for profit* business *corporation* owned by its customers, typically its *depositors* or *policyholders*. See also *credit union*, *mutual savings bank*

mutual savings bank (n.): a type of *savings bank* or *thrift* owned by its *depositors* but not chartered as a *credit union*. See also *mutual corporation*

N n

negative equity (n.): when the net worth of an entity is less than zero. Indicative of *bankruptcy* or *insolvency*.

negative externalities (n.): a *market failure* that occurs when the full costs of a *good* are not incorporated in its *price*, as in the case, for example, of pollution. See also *positive externalities.*

negotiable (adj.): transferable from one *entity* to another by sale, gift, inheritance, or other means.

negotiable certificate of deposit (NCD) (n.): a large denomination *certificate of deposit* that can be bought and sold like a *bond*.

net exports (n.): the *monetary value* of *exports* minus the monetary value of *imports*.

net worth (n.): the sum of the *monetary value* of an *entity*'s *assets* and *liabilities*. See also *negative equity.*

nominal price (n.): the *price* of a *good* in *current dollars*; 2) prices of goods not adjusted for changes in the *price level*.

non-profit (n.): an *organization* that is designed not to earn any *profits*. See also *for profit*, *not -for-profit*

not for profit (n.): an *organization* that may earn *profits* but that is not primarily oriented toward doing so. See also *for profit*, *non-profit*

O o

opportunity cost (n.): the inevitable cost incurred by *entities* when they choose an activity, there by precluding the completion of another activity at the same time.

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option holder (n.): the *owner* of one or more *options.*

option contract (n.): See *options*

options (n.): a auditorium of *derivatives* including *call options* and *put options*.

organization (n.): a group of individuals working closely together towards a common goal. See also *non-profit*, *not-for-profit*

over-the-counter (n.): any *market* for *trading securities* outside of a formal *exchange*, typically coordinated by *brokers* and/or *dealers*.

owe (v.): to be obliged to repay, usually a sum of *money*; 2) to possess but not have legal title of *ownership* of.

own (v.): 1) to possess; 2) to have legal title to or the legal right to sell, lease, or enjoy.

owner (n.): an *entity* that *owns* a *business entity* or *asset*. See also *principal*, *stockholder* **ownership (n.):** the state or condition of *own*ing (v).

P p

panic (n.): See *financial panic*

Panic of 1792 (n.): a *financial panic* that originated in the *government bond market* that was successfully thwarted by the application of *Hamilton's Rule*.

Panic of 1819 (n.): a *financial panic* that led to a deep *recession* and a realignment of U.S. political parties.

Panic of 1837 (n.): a *financial panic* that led to a long, deep *recession*.

paper money (n.): a generic term for any type of *money* composed of paper, including *fiat monies* and *convertible monies* such as *bank notes*.

partners (n.): the individuals who *own* a *partnership*.

partnership (n.): a type of *business entity* owned by two or more individuals called *partners*.

payer (n.): the *entity* upon which a *draft* is drawn, typically the *drawer*'s *debtor*.

perpetual succession (n.): a privilege of *corporations* to change their *owners*/*stockholders* without having to reconstitute, as *partnerships* traditionally had to do whenever a *partner* joined or left the *business entity*.

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perpetuity (n.): 1) a *financial instrument* with no *maturity* date; 2) an *interest-only loan*.

personal estate (n.): any *asset* owned by an individual that is not *real estate*.

policyholder (n.): the owner of an *insurance contract*. See also *insured*

positive externalities (n.): a *market failure* that occurs when the full societal benefits of a *good* are not incorporated in its *price*, as in the case, for example, of education. See also *negative externalities*.

premiums (n.): the price a policyholder must pay to effect an *insurance contract*.

present value (n.): the *price* of an *asset* or other *good* today (at the present).

price (n.): the *monetary value* of a *good* determined by the interaction of *supply* and *demand* in a *market*.

price level (n.): the average of all *nominal prices* in an *economy*. See also *real prices*, *relative prices*.

principal (n.): 1) a sum lent or invested upon which interest or rate of return are calculated; 2) the, or one of the, *owners* of an *entity*.

principal-agent problem (n.): a specific type of *moral hazard* that occurs when an *agent* acts in its own best interest rather than in the interest of the owner(s). See also *agency costs*

private bank (n.): 1) a *bank* operating without a *charter*; 2) a bank that manages the *assets* of wealthy *entities*, typically individuals.

private banker (n.): 1) an individual or a member of a *partnership* in an un*chartered bank, i.e., private bank* (1); 2) a *banker* in a *private bank*.

product (n.): a physical thing or *contract* that a *business entity* creates, produces, makes, manufactures, or grows

profit (n.): the positive difference between a *business entity*'s total *revenues* and its total *costs*. See also *loss*

promissory note (n.): a *short-dated negotiable debt instrument* such as an *IOU*.

price (n.): the amount of compensation or payment a *buyer* gives the *seller* in exchange for a *good*.

primary reserves (n.): See *reserves*

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project (n.): 1) any specific task aimed at achieving a goal; 2) in business, any specific actions taken in an attempt to earn a *profit*.

public (adj.): 1) government owned; 2) privately owned by stockholders who are members of the public, as in *initial public offering* or *public company*.

public company (n.): 1) a *business entity* that is owned by private individuals (members of the public), typically *stockholders* who can *trade* their *equity* stakes in the company publically; 2) a *joint-stock company* or *corporation*.

public goods (n.): a *market failure* that arises when it is not in the interest of any *business entity* to supply a specific *good*, like national defense, because the *entity* cannot easily profit from its provision because such goods are non-excludable (there is no way to force *free riders* to pay) and non-rivalrous (*consumption* by one does not prevent consumption by others).

put option (n.): a type of *option derivative* that gives the option holder the right but not the obligation to sell some predetermined *asset* at a predetermined *strike price*. See also *option*, *call option*

Q q

quarter (n.): a quarter of a year or three months, typically January, February, March; April, May, June; July, August, September; October, November, December.

quarterly (adj.): once every *quarter*. See also *annually*, *semi-annually*.

R r

rate of interest (n.): See *interest rate*

rate of return (ROR) (n.): 1) the ratio of the *money* lost or gained on an *investment* relative to the *principal* invested over some period, typically a quarter or year; 2) return on investment (ROI).

recovery (n.): a state of the economy following a *recession* during which *aggregate output*, typically as measured by *Gross Domestic Product*, increases toward a previous peak.

real estate (n.): a type of *asset* consisting of land and any improvements thereto, such as buildings, drainage or sewage systems, roads, wells, and so forth. See also *personal estate*

real price (n.): the *price* of a *good* adjusted for changes in the *price level.*

recession (n.): a state of the economy during which *aggregate output*, typically as measured by *Gross Domestic Product*, declines.

regulated firm (n.): a *business entity* that is subject to the *regulations* of one or more *regulators*.

regulations (n.): a set of rules prescribed by a *regulator* describing the *business activities* that can and/or cannot lawfully be undertaken by a *business entity*.

regulator (n.): an *entity*, usually a government, that makes and/or enforces *regulations*.

regulatory capture (n.): the condition of a *regulated firm* taking control of its *regulator* in whole or part.

relative prices (n.): the ratio of the *nominal price* of one *good* to the nominal price of another.

rent seeking (n.): attempts to gain something for nothing by manipulating the government to *subsidize* or otherwise support *special interests* at the expense of the *commonweal*.

required reserves (n.): See *reserve requirements*

reserves (n.): 1) *cash* held by *banks* to meet *calls* on their *demand liabilities*, such as *checking deposits* and *bank notes*; 2) any *asset* that *banks* own to help manage their *liquidity*. See also *required reserves*, *secondary reserves.*

reserve requirements (n.): *reserves* mandated by some *regulator* or law, typically expressed as a percentage of a bank's *demand liabilities*.

resources (n.): 1) *goods*, such as *copper, gold, silver*, oil, diamonds, created by nature rather than by *entities*; 2) in a loose sense, any *asset* or *good*, including more intangible ones like time.

returns (n.): *money* that returns to an *investor* on an *investment*. See also *rate of return*

revenues (n.): *income* from any source, including the sale of *goods* or returns on investments

risk (n.): known volatility in the *rate of return*. See also *uncertainty*

risk appetite (n.): the amount of *risk* an *investor* can tolerate. See also *risk aversion*

risk averse (adj.): avoidance of risk even at a high cost.

risk aversion (n.): the practice of being *risk averse*.

risks (n.): 1) the *risk* represented by an *entity* seeking a *loan* or *insurance*; 2) the entity itself.

risky (adj.): characterized by excessive *risk*, either for the expected *rate of return* or for the investor's *risk appetite*.

S s

Savings and Loan association (n.): a type of *savings bank* with a Savings and Loan *charter* designed to modernize the older *Building and Loan association* form.

savings bank (n.): a generic term for any *bank* that focuses on making *mortgage loans* and *issuing savings deposits*, including but not limited to *credit unions*, *mutual savings banks*, and *Savings and Loan associations*.

savings deposit (n.): 1) a type of *time deposit* in a *bank* that earns *interest* in *exchange* for a decrease in its *liquidity*.

secondary reserves (n.): a sort of back up form of *reserves* held by banks that earns income but is *liquid* (readily convertible into *cash*).

securities (n.): any *negotiable financial instrument*, including *debt*, *equity*, and *hybrid* instruments.

securities exchange (n.): See *exchange*

seller (n.): the entity in a *trade* that gives up a non-monetary *good* and receives *money* in exchange.

semiannually (adj.): twice a year or every six months. See *annually*, *quarterly*

service (n.): a *good* consumed at the point of contact with the service provider including but not limited to consulting, education, healthcare, and retail. See also *financial services*

share (n.): 1) a *financial instrument* representing an *ownership* or *equity* stake in a *joint-stock corporation*; 2) an *equity*.

shareholder (n.): See *stockholder*

short (v.): 1) to *sell* an *asset* under the expectation of *buying* it back later at a lower *price*; 2) *borrowing assets*, typically *equities*, *selling* them in the expectation of a *price* decrease, then buying them back later to repay the *in kind loan*.

short (adj.): having fewer *shares* (or other *assets*) than necessary to repay the *in-kind loan* taken at the start of a *shorting* operation, as in the expression "caught short."

short-dated (adj.): having less than a year to *maturity*.

short sale (n.): 1) traditionally, a transaction whereby an *entity shorts* an *asset*; 2) more recently, the sale of a home for less than the outstanding *mortgage* balance.

shorting (v.): the process of making a *short sale*.

sight draft (n.): a *draft* due upon its *acceptance* for payment by the *payer*. See also *time draft*

silent run (n.): a type of *bank run* or *liability run* characterized by the refusal of creditors to renew short-term loans to a *bank* or other *entity*.

silver (n.): a metallic element with the symbol Ag and the atomic number 47 used to create *full -bodied* and *token coins*. See also *specie*

single entry (adj.): a simple method of keeping accounts that entails listing the major attributes

(e.g.,date, price, counterparty) of *exchanges*.

sole proprietor (n.): the owner of a *sole proprietorship*.

sole proprietorship (n.): a type of *business entity* owned and operated by a single individual.

sovereign bond (n.): a government bond issued by a sovereign national government. See also *Treasury bond*

special interests (n.): *entities* that engage in *rent seeking* or other activities designed to *subsidize* them at the expense of others, or the *common weal*.

specialty (n.): a type of *contract* where the parties agree that payment will be made in a specific *medium of exchange*, such as *gold* or *silver*.

specie (n.): full-bodied (i.e., non-*token*) *gold* or *silver coins*. See also *bullion*

speculate (v.): to engage in speculation.

speculation (n.): an attempt to earn quick *profits* by *buying assets*, typically *securities*, low and *selling* them high or vice versa, as in *shorting*.

145.0 x 215.0 mm

spread (n.): 1) the difference between a *dealer*'s *bid price* and its *ask price* for a *security*; 2) the difference between what a *bank* receives for its *assets* and pays for its *liabilities*.

stock (n.): 1) synonymous with *equity* (1) and *share* (1); 2) archaic for *government bond*.

stock exchange (n.): See *exchange* (n.)

stock market (n.): 1) *exchange* (n.); 2) any market in which stocks are traded, including exchanges but also *over-the-counter* or *broker dealer* markets.

stock market crash (n.): a type of *financial crisis* characterized by rapid decreases in the *prices* of a broad swath of *equities*.

stockholder (n.): an owner of one or more *shares* (*stocks*, *equities*) in a *joint-stock corporation*.

stockjobbing (v.): *buying* and *selling securities* in order to *speculate*.

stockjobber (n.): an archaic term for any *entity* that engages in *stockjobbing*.

store of value (n.): any *asset* that maintains most or all of its *monetary value* over long periods of time, e.g. years.

strike price (n.): the predetermined price at which an *option derivative* can be contractually exercised by the *option holder*.

swap (n.): a type of *derivative* whereby two parties *exchange* one *asset* for another on an ongoing basis according to the value of some *underlying asset*, for example dollars for yen.

subsidize (v.): to grant a *subsidy* to an *entity*.

subsidy (n.): *resources*, typically but not always *money*, given to an *entity*, usually by a government.

sunk costs (n.): *costs* that have already been incurred and cannot be recouped.

supply (n.): the quantity of a *good* that *sellers* make available at any given *price.* See also *demand*

suspension of specie payments (n.): when *banks of issue* ceased *convert*ing their *bank notes* and *deposits* into *specie* due to their *bankruptcy*, *insolvency*, or a general suspension of payments in times of war or *financial panic*.

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T t

term life (n.): an *insurance policy* that *indemnifies* a *policyholder* or *beneficiary* if the *insured* dies during the duration (term) of the *contract*. See also *whole life.*

thrift (n.): a *depository institution* with a *community bank* focus such as *credit unions* and *savings banks*.

time deposit (n.): a type of *deposit*, like a *savings deposit* or a *certificate of deposit*, that cannot be withdrawn by the depositor until a specified period has elapsed or a penalty had been paid.

time draft (n.): a *draft* due some days, weeks, or months after its *acceptance* for payment by the *payer*. See also *sight draft*

token coinage (n.): a type of *fiat money* that takes the form of *coins* that contain metals worth considerably less than the coin's *face value*

trade (n.): an *exchange* of *goods*, typically between two *entities*.

trade (v.): to engage in a *trade*.

transaction deposits (n.): See *checking deposits*

Treasury bill (n.): a *short-dated sovereign bond* issued by the U.S. Treasury to help manage the U.S. government's *cash flow* needs.

Treasury bond (n.): a *sovereign bond* issued by the U.S. Treasury to fund U.S. government *budget deficits*.

U u

unbanked (n.): *entities*, typically individuals, who do not *bank* (v.).

uncertainty (n.): unknown/unknowable volatility in the *rate of return*. See also *risk*

underlying asset (n.): an *asset* that contractually determines the price of another asset.

unit bank (n.): a *bank* that does not, probably because it lawfully cannot, operate any *branch*es.

unit of account (n.): 1) the abstract measuring rod against which *monetary values* are determined; 2) *money of account*.

universal bank (n.): a type of *bank* that combines the functions of a *depository institution* with those of an *investment bank*.

usance (n.): the period between the *issuance* or *acceptance* of a financial instrument, such as a bill of exchange, and its *maturity* or due date.

use value (n.): the worth or *utility* of a *good* stemming from its actual utilization or *consumption*.

utility (n.): an *economic* concept measuring an *entity*'s relative satisfaction with a *good*.

W w

whole life (n.): a *life insurance policy* that *indemnifies a policy-holder* or *beneficiary* when the *insured* dies, if the policy is current or has been paid up, and that can be *cashed* or *borrow*ed against using the *cash value* of the policy as *collateral*. See also *term life*.

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145.0 x 215.0 mm

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Aýna Sätgeldiýewa, Gapbar Hallyýew

ENGLISH FOR ECONOMISTS

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