

Different Economic Systems

Not all economic systems are the same. The economic system of the U.S.A differs greatly from the system of the U.S.S.R. The American system is based on private enterprise with private ownership of the means of production, while the Russian system is communistic and based upon the principles of KARL MARX, the 19th century political economist. The economic ideologies of these two nations contrast very strongly.

Britain is similar to the U.S.A. It has an economic system based on private enterprise and private supplies of capital, which can be defined as surplus income available for investment in new business activities. Property in both the U.S. and Britain can be owned by individual citizens and these citizens exercise considerable economic freedom of choice. They can choose what they want to do and how they want to earn their living, but are not of course entirely free to do as they wish. They must obey the law. Otherwise, however, they can use their time, money

and effort as they wish. *but however otherwise if not have to = must*
 On the other hand, the Russian economic system is *totally owned and managed by the state that has all freedom of choice*

Synonyms in its management
 - similar = the same

- obviously = of course
- Countries = nations
- provided by supplies
- possessed = owned
- people = individuals
- whereas = while
- opposite
- different ≠ the same
- weakly ≠ strongly
- old ≠ new
- disobey ≠ obey

- very much = greatly
- big = considerable
- on = upon
- differ = contrast
- selection = choice
- practice = exercises
- gain = earn
- public ≠ private
- lack ≠ surplus
- accept ≠ choose
- missing ≠ available

- tools = means
- policies = ideologies
- rules = principles
- ownership = possession
- liberty = freedom
- want = wish
- money = capital
- completely = totally
- capitalist ≠ communist
- expense ≠ income
- lose ≠ earn

Exercise: what/who do these words refer to in the text?

- that (S1) →
- which (S2) →
- these two nations (S1) →
- They (S2) →
- It (S2) →
- their (S2) →
- that (S2) →

Different Economic Systems

One Reading Comprehension

1 Questions

Answer the following questions from the text.

- What does the economic system of the United States differ from?
- What is the American system based on?
- What is the Russian system based on?
- When did Karl Marx live? Who was he?
- What economic system is British system similar to and different from?
- On what two things is British system based?
- What must British and American citizens obey?
- What three things can Britons and Americans use as they wish?
- ~~Whom manages the Russian economic system~~ Grammatical structure and how?

Look at this example

A - Most people produce goods and services.

P - Goods and services are produced by most people.

Do as the example with the following sentences.

A - Some people provide both goods and services.

As

A - Economists study the economic system.

As

A - That man owns the house.

As

A - They will provide shelter and clothes.

As

A - Economic changes affect our lives.

As

A - They will maintain his car.

As

A - The economists explained the economic systems.

As

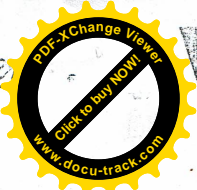
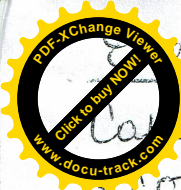
A - They explained the methods.

As

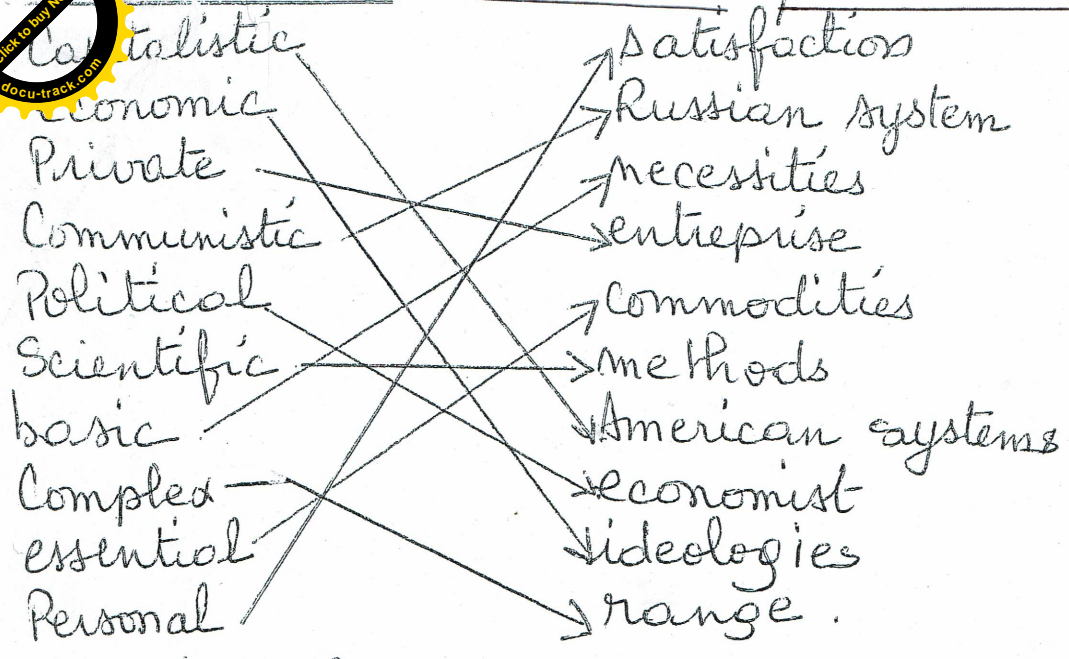
A - He told me how the Russian system works.

As

A - Economists describes how capital is used in business.



Exercise n^o 1 Here ^{are} two lists, you have to combine the



Exercise n^o 2

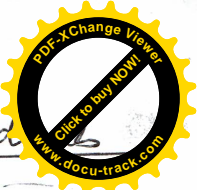
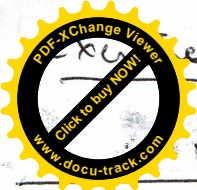
Change the listed adjectives into adverbs ^{adding} ly or ally as necessary, and put one adverb in each sentence in order to make sense.

eg: great → greatly

Their private property was greatly reduced after the revolution.

- careful
- rapid
- systematic
- clear
- scientific
- usual
- complete
- probable
- considerable
- regular

- 1) The new government worked rapidly to change the laws.
- 2) The central authority carefully controls the quality and quantity of goods.
- 3) The state systematically plans the economic effort of its citizens.
- 4) The economic system changed completely over the thirty year period.
- 5) Their economic system is clearly capitalistic.
- 6) Work in economics should always be done scientifically.
- 7) The city has changed considerably in the last few years.
- 8) These men work regularly from nine o'clock till five everyday.
- 9) In a free economy there is usually very little central planning.
- 10) The employers will probably discuss the use of new machines in the factory.

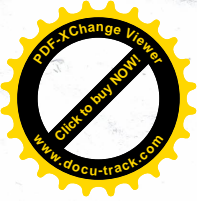
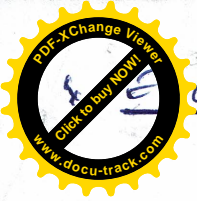


Exercise: Complete this table

Verb	Noun	Adjective	Adverb
deffer	ownership/owner production	economic private	
		based political	
Contrast	economist/economy		
	Supply demand		strongly
	investment	defined	
		owned individual	
exercise	freedom choice	consider	
want			
do			
earn	living/life		
wish			
obey	time		
		managed	totally

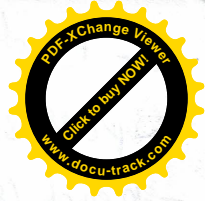
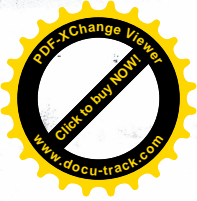
Exercise: Turn these sentences from active to passive form or vice versa.

- 1- Property in the U.S.A. and Britain can be owned by individual citizens.
- 2- These citizens exercise considerable economic freedom of choice.
- 3- They can choose what they want to do and how they want to earn their living.
- 4- They must obey the law.



Exercise: Turn these sentences from active to passive form or vice-versa.

- a - property in the U. S. A. and Britain can be owned by individual citizens.
- b - These citizens exercise considerable economic freedom of choice.
- c - They can choose what they want to do and how they want to earn their living.
- d - They must obey the law.
- e - They can use their time, money and effort as they wish.
- f - The Russian economic system is totally owned and managed by the state.
- g - private companies are making huge profits.
- h - Globalization has destroyed the economy of many countries.
- i - Market research used interviews and questionnaires to find out about people's attitudes and (their) shopping habits.



Mixed Economy

Mixed economy is an economic system which is characterized by the co-existence of both the public and private sector. The former refers to that part of the economy which is directed and controlled by the state. The state owns all the factors of production, and uses them to achieve whatever goals it may have. The latter refers to that portion of the economy which is directed and controlled by individuals or groups of individuals. These individuals own some resources and use them to maximize and widen their profit.

Mixed economic systems characterize most developing countries. In fact, most economies of the developed countries are of this type. No capitalist economy is without some nationalized industries, i.e. state-regulated enterprises, while even the Chinese economy has some private enterprises.

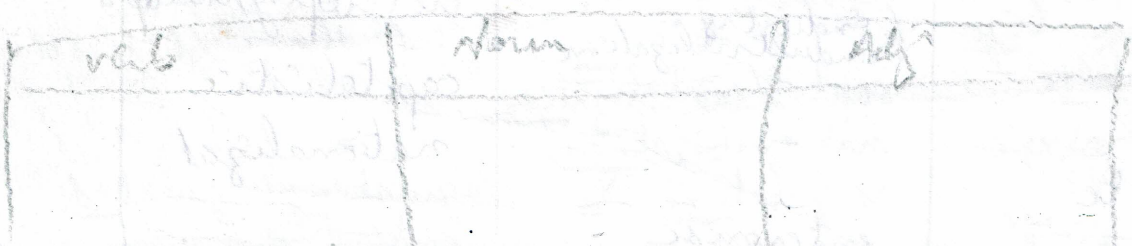
Reading comprehension:

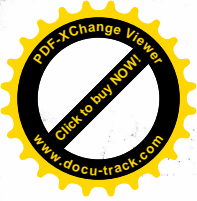
1. Read the text and answer the questions

- What is a mixed economic system?
- What is meant by public sector?
- What is meant by private sector?
- What is the type of economy followed by developed countries? What about the developing countries?
- What is the main aim of the individuals who direct and control the private sector? Is it the same as that of those who control the public sector?

Vocabulary:

- commodities = articles = items = products = goods = the production = the output
- developed countries = industrialized countries ≠ developing countries.
- the aim = the purpose = the objective = the goal.





Mixed Economy

Reading Comprehension

Answer the following questions according to the text.

1. What is a mixed economic system? ^{an economic system characterized by the co-existence of public and private sectors}
2. What is meant by public sector? ^{is the part of economy which is directed by the state}
3. What is meant by private sector? ^{is the portion of economy which directed by individuals}
4. What is the main aim of the individuals who direct and control the private sector? ^{their aim is to maximize and widen their profits}
5. What is the type of economy followed by developed countries? ^{mixed economy}

Reading

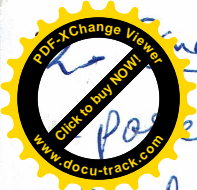
Exercise 11

Derive from the following verbs adjective.

Verbs	Adjectives	Nouns
to invest	invested	investment
to develop	developed	development
	developing	
to produce	productive	production / product / producer
to inform	informative	information
to economize	economical	economy / economist
	economic	
to distribute	distributive / fed	distribution
to vary	varied / various	variety

Exercise 12

public	opposites
developing	developed
complex	private
practise	theory
archaic	simple
natural	modern
individual	artificial
to widen	collective
productive	to shorten
	sterile



Find in the text words or expressions closest in meaning to:

- possesses (§1) = owns
- tools (§1) = factors
- utilises (§1) = uses
- reach (§1) = achieve / attain
- objectives (§1) = goals
- persons (§1) = individuals / people
- possibilities (§1) = resources
- optimize (§1) = maximize
- gain (§1) = profit

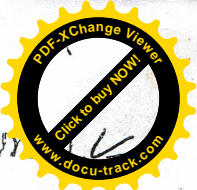
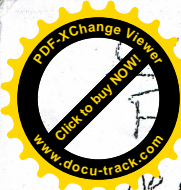
- the majority of (§2) = most
- companies (§2) = enterprises / firms
- in reality (§2) = in fact
- portion (§1) = part
- the authorities (§1) = the government
- disadvantaged (§1) = directed

3. Find in the text words or expressions opposite in meaning to:

- private (§1) ≠ public
- latter (§1) ≠ former
- minimize (§1) ≠ maximize
- loss (§1) ≠ gain
- a minority of (§2) ≠ most
- developed (§1) ≠ developing
- that (§2) ≠ this
- with (§2) ≠ without
- privatized (§2) ≠ nationalized
- a lot of (§2) ≠ some
- socialistic (§2) ≠ capitalistic

4. Complete this table

Verb	Noun	Adjective
to mix	mixture	mixed
to economize	economy	economic
to resource	resource	resourceful
to exist	existence	existing
to privatize	privatization	private
To direct	direction / director	directed
To own	owner / ownership	owned
To produce	production / producer	productive / produced
To control	control / controller	controlled
To achieve	achievement	achievable / achieved
To use	use / usage	useful / useful
to profit	profit	profitable
To refer	reference	referred
to widen	widely	wide
To maximize	maximism	maximized
To develop	development	developing / developed
To industrialize	industrialization	industrial / industrialized
To capitalize	capital / capitalization	capitalistic
To nationalize	nationalization	nationalized
To regulate	regulation	regulating / regulated
To enterprise	enterprise	enterprised



Exercise n° 3

Fill in the gaps with : goods & services & own
 secure - facilitates money & economic exchanges
 The necessity for money became greater in the course of
economic progress, for not only money facilitates particular
exchanges but it also enables its owner to secure its equivalent
 in whatever goods or services he desires.

Exercise n° 4

Specialities

- Economics
- Sociology
- Linguistics
- Physics
- Philosophy
- Botany
- Chemistry
- Politics
- Law
- Architecture
- Accountancy
- Teaching

Complete with Nouns of Persons

Find the specialists corresponding to these specialities

Specialists

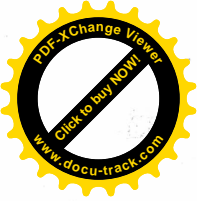
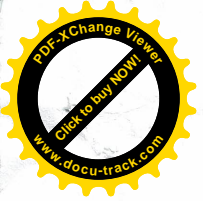
- economist
- sociologist
- linguist
- physicist
- philosopher
- Botanist
- chemist
- politician
- lawyer
- architect
- Accountant

- Zoology
- Geology
- dentistry
- pharmacy

Exercise n° 5

Choose the right verb.

- Murray King was probably killed by gangsters. (killing - killed - kills)
- But the killers have never been found. (been - be - being)
- And the money has never been paid to Jennifer. (paid - paying - p)
- In fact, she will never be paid that money. (be - being - been)
- Of course, it should have been paid long ago. (has - have - ha)
- She is going to be interviewed about this for a TV program
(being - been - be)
- It will probably be watched by a lot of people. (watches - watching - wa)



MONEY

All values in the economic systems are measured in terms of money .Our goods and services are sold by money .Coins are adequate for small transaction while paper notes are used for general business . The wider sense of money ,Covering anything which is used as a means of exchange; Originally ,a valuable metal (gold ,silver or copper) as constant store of value .Gold has been universally regarded as a very valuable metal ,national currencies were for many years judged in terms of the so-called gold standard .Nowadays ,however ,national currencies are considered to be as strong as the national economies which support them .

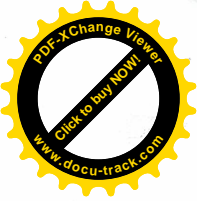
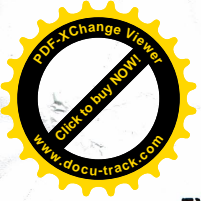
Valuable metal has generally been replaced by paper notes .These notes are issued by governments and authorized banks and known as legal tender .Other arrangements such as cheques and money as instruments of credit .Credit is offered only when creditors believe that they have a good chance of obtaining legal tender when they present such instruments at a bank or other authorized institutions.

The value of money is basically its value as a medium of exchange ,or ,economists put it ,purchasing power .This purchasing power is dependent on supply and demand .The demand for money is related to the quantity of business and also to the rapidity with which the business is done (to effect business transaction) .The supply of money on the other hand , is actual amount in notes and coins available for business purposes.If too much money available , its value decreases , this condition is known as INFLATION .

QUESTIONS

Answer these following questions according to the text .

- 1-How are all values in economic system measured ?
- 2 –What kind of money is used for general business ?
- 3 –What is the wider sense of the word money ?
- 4 – When is credit offered ?.



EXERCISE 1 : Give the plural form of the following words

<u>Singular form</u>	<u>plural form</u>
Analysis	analyses
Basis	bases
Man	men
Woman	women
Medium	media
Criterion	criteria
Crisis	crises
Phenomenon	phenomena
Datum	data

EXERCISE 2 : Fill in the gaps with words from this list below : market – symbol – economic – free – goods – power – community – of – market .

The EURO is not just the **symbol** of a large European **community** but it represents also their **power** because its introduction also goes back to **economic** interests .

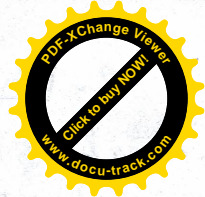
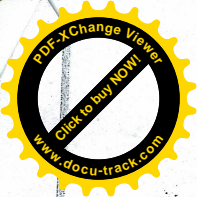
Since EURO's establishment ,the objective **of** the European society was to make the **free** movement of **goods** and services possible and to create single **market**

EXERCISE 3 : Change these conditional sentences. The form changes but the meaning remains the same .

Example :

{	A man can obtain money if <u>he issues</u> a personal cheque .
	A man can obtain money <u>by issuing</u> a personal cheque .

- You can improve the factory if you install new machinery .
- You can learn something about economics if you study the basic textbooks .
- They could improve conditions if they changed the laws .
- You can make more money if you provide services which the public really need .
- A person can obtain more additional money if he deposits his savings with a bank for a certain length of time .
- Business can be done without banknotes if you use instruments of credit .
-



goshon

THE CONCEPT OF PRODUCTION

The aim of any economic activity is to produce goods and to provide services. Production is therefore the transformation of the input into the output by means of different productive processes.

To produce any article or to provide any service depends upon some factors or agents of production, also called factor resources. There are two broad types of factors of production: human factors and non-human factors.

The human factors consist of labour and enterprise, and the non-human factors refer to land and capital.

Labour describes the productive services, that is to say, the human physical efforts, skills and intellectual abilities.

Enterprise refers to the way in which the structural organization of production is made.

Land denotes the natural resources of the universe, such as the earth, the sun, lakes, rivers, animals, etc.

Capital consists mainly of finance and other resources, such as factories, means of production, roads, etc.

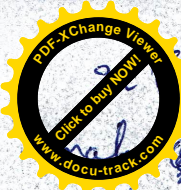
As far as production is concerned, we distinguish two kinds: direct production and indirect. The former implies that the worker produces for his own needs, whereas the latter refers to a chain of productive processes. This chain can be divided into three major processes:

- The Primary process deals with the extraction of raw materials, e.g. mining.
- The Secondary process, in this process, the raw materials are transformed into manufactured goods, e.g. car manufacturing.
- The Tertiary process in which the finished article is made available and displayed to the consumer.

QUESTIONS

Answer the following questions from the text: use your own words.

- 1) What is the main aim of any economic activity?
- 2) What are the factors of production?
- 3) What is meant by indirect production?
- 4) What is meant by direct production?
- 5) What are the major processes of production?



Find in the text words, phrases or expressions closest in meaning to:

- real (§1) =
- product (§2) =
 { item
- money (§3) =
- the first (§8) =
- split (§8) =

- give (§1) =
- capacities (§4) =
- like (§7) =
- but (§8) =
- turned (§10) =

- so (§1) =
- essentially (§7) =
- types (§8) =
- the last (§8) =

3. Find in the text words, phrases or expressions opposite in meaning to:

- unproductive (§4) ≠
- the latter (§8) ≠

- output (§1) ≠
- multiplied (§8) ≠

- the same (§1) ≠
- unavailable (11) ≠