

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 the 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 group 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 enterprise, while even the Chinese economy has some private enterprise.

QUESTIONS

Answer these following questions according to the text

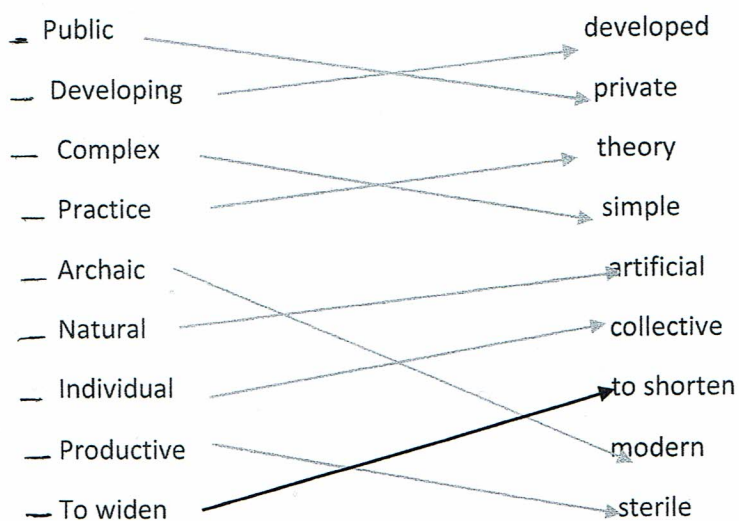
- 1-What is mixed economic system ?
- 2-What is meant by public sector ?
- 3-What is meant by private sector ?
- 4-What is the main aim of the individuals who direct and control the private sector ?
- 5-What is the type of economy followed by developed countries ?

EXERCISES

Derive adjectives from the following verbs

<u>Verbs</u>	<u>Adjectives</u>
To invest	invested
To develop	Developed developing
To produce	Productive
To inform	informative
To economize	Economical-economic
To distribute	Distributive
To vary	Varied- various

EXERCISE 2 : match the opposite



EXERCISE 3 : Choose the best word to complete the sentence .

- 1 _ The country's economy is very strong at the moment .(finance/economy /balance)
- 2 _ All the economic indicators are positive .(indicators/index/input)
- 3 _ We also have a trade surplus of over 16£ billion .(benefit/share/surplus)
- 4 _ The annual inflation rate is below 2% .(growth/rate/gap)
- 5 _ The number of people out work is less than 400000.(job /work employ)

THE LIMITS ON ECONOMIC FREEDOM

If a person can do what he wishes with his own property , time and energy , then economists say he is economically free .In all communities ,of course , limits are imposed upon the personal freedom of their citizens and these limits are in some cases very complex but in others relatively simple .

All individuals are required to conform to the laws made by their governments .

Complete economic freedom of action can create great difficulties because the freedoms exercised by various individuals often conflict .If citizens were completely free , some landowners might build factories in unsuitable places , while some factory - owners might make their employees work too long each day . If they were completely free , workers might stop working when they got their first pay , and come back only they needed more money. .Such economic anarchy could cause instability (unemployment , loss of production.....) In the whole economy of a country .

Laws related to economic conditions are sometimes concerned with contacts between employees and employers . Sometimes they are concerned with worker's health , wages and pensions ,and sometimes with the location of places of work . Sometimes they protect the interests principally of the workers , while at other times they may be beneficial towards the employers . The government policy towards both employees and employers will depend very much upon the political and economic ideology adopted by the government and may be biased towards employers and capital on the one hand , or workers and the problems of labour on the other hand .

QUESTIONS

Answer these questions basing your answers on the text .

- Under what conditions is a person economically free ?
- What are all citizens required to do ?
- Why does complete economic freedom of action cause great difficulties ?
- What three things might happen if citizens were completely free ?
- What else might the laws relate to , besides workers' needs and work contracts

GRAMMATICAL STRUCTURE

Study the example. It shows how a conditional sentence is organized. Do the same with the pairs of sentences which follow :

X : We have money.

Y : We can buy food.

If we have money ,we can buy food .

X : We have food, shelter and clothes.

Y : We have the basic necessities of life.

If we have food, shelter and clothes, we have the basic necessities of life .

X : They have a radio.

Y : They can listen to the programmes .

If they have a radio, they can listen to the programmes .

X : You want to get new clothes.

Y : You must earn some money .

If you want to get new clothes, you must earn some money .

X : He wants to become an economist .

Y : He must study economic books .

If he wants to become an economist, he must study economic books .

X : The economic system of a country is strong .

Y : The people will be able to satisfy their needs . satisfy their needs .

If the economic system of the country is strong , the people will be able to satisfy their needs .

EXERCISE : Use the right tense for the verbs between brackets .

1- you will miss the train if you (not /hurry).....

2- If you went to the exhibition , you (enjoy).....it .

3- She can do better if she (try).....

4- If you played with matches, you (burn).....your fingers .

5- (you/tell).....him about it if you see him

6- We shall go for a swim if it (be).....fine tom'orrow .

7- If father (be).....alive, he would have been horrified .

8- He would lend you money if he (be).....here:

9- I would not have any difficulty if i (be).....clever.

EXERCISE :Make these adjectives negative by adding the prefix : un eg :stable unstable

Then introduce them in the appropriate sentence .

Economic-necessary-usual-equal-productive-satisfactory-available –systematic-important-desirable-suitable .

1-People do not like working inconditions .

2-The employers decided to close that factory because it was

3-Complete economic freedom is ansituation.

4-Compared with our needs,for food ,clothes and shelter,some of our wants are quite

5-We say that goods are sold at.....prices,when the price is less than the cost of producing them .

6-The goods which he wanted wereat the price which he was willing to pay .

THEORIES OF ECONOMIC GROWTH

The aim of every community is to reach a higher level of economic development .According to Walt Whitman Rostow, the transition from underdevelopment to development can be described in terms of a series of stages through which all countries must proceed .In his book THE STAGES OF ECONOMIC GROWTH (1960) ,he postulated that these countries must go through five stages in their economic development .

The five stages in question are :

- 1)-The traditional society :At this stage ,the economic and social systems are still very archaic .The economy is based chiefly on agriculture .
- 2)-The stage of the establishment of the pre-conditions for « take-off » :This stage is considered as a period of transition from the traditional systems to industrialized economics .At this stage, the economy is made ready to utilize modern science and technology .
- 3)-The take-off stage : at this stage,the « old blocks and the resistances to steady growth are finally overcome ».The economy is made capable of generating its own economic and industrial development .
- 4)-The drive to maturity : At this stage new industries are developed .The economy utilizes efficiently the most advanced fruits of modern science and technology .The rate of exports is higher than the rate of imports .
- 5)-The age of high mass consumption :This stage is regarded as the highest point of an economic development .It is characterized by durable and sophisticated consumers' goods .

QUESTIONS

Answer these questions according to the text :

1. What can be described in terms of a series of stages, according to Rostow's theory ?
2. What did W.W.ROSTOW do in his book « The stage of economic Growth » ?
3. What is the basis of the economy in the traditional society ?
4. What is the second stage regarded as a period of transition ?
5. What is the main characteristic of the age of high mass consumption ?

EXERCISE 1 : Say whether the following statements are true or false .

- 1)-According to W.W.Rostow , all societies must go through the five stages of economic growth .
- 2)-At the first stage ,i.e ,the traditional society , the socio-economic systems are not yet developed .
- 3)-The stage of the establishment of the pre-conditions for « take off » is a period of transition from the traditional systems to highly industrialized economies .
- 4)-At the drive to maturity stage ,the rate of imports exceeds the rate of exports.
- 5)-The age of high mass consumption is regarded as the stage of durable and sophisticated goods.

Look at the following examples :
 The rate of exports is higher than the rate of imports .
 In some countries , the industrial activities are more important than other activities .

COMPARATIVE → 1) Short adjective + ER +than → higher than
 → 2) more +long adjective + than → more important than

The fifth stage is the highest point of an economic development .
 In some countries, the industrial activities are the most important .

Superlative → 1) The+ short adjective +EST → the highest
 → 2) The + most +long adjective → the most important

EXERCISE2 : Give the comparative and superlative forms of the following adjectives .

ADJECTIVES	COMPARATIVE FORM	SUPERLATIVE FORM
EXPENSIVE	Expensive than	The most expensive
GREAT	Greater than	The greatest
HEAVY	Heavier than	The heaviest
LITTLE	Less than	The least
MUCH / MANY	More than	The most
BIG	Bigger than	The biggest
comfortable	More comfortable than	The most comfortable
USEFUL	More useful than	The most useful

GOOD	Better than	The best
BAD	Worse than	The worst
FAR	Farther than	The farthest

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 is 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 he issues a personal cheque .
A man can obtain money by issuing 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 .
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