# Unit 1 SCIENCE OF ECONOMICS



#### PRE-READING

#### 1. Working in pairs discuss the following questions:

- a) Why do people work? Provide as many reasons as possible.
- b) Which jobs are considered to be the most popular/unpopular nowadays? Make up a list of possible reasons.
- c) What was your choice based on when deciding on your future profession?

#### READING

#### 2. Read the following text:

**Economics relates to** every aspect of our lives, from the decisions we make as individuals or families to the structures created by governments and firms. But what is economics really like?

People have a wide **range of wants** and they are constantly growing. Economics is the science that studies how to satisfy all human needs and wants and advise people and societies what decisions to make in order **to get the most out of** their **limited resources**.

People work to earn their living and take part in **economic activities** to provide their families with everything they need: **essential** and **non-essential commodities**. Essential commodities are such **vitally important** goods as food, clothes and **shelter** while non-essentials **are of secondary importance** (**e.g.** books, theater, travelling and other **luxuries**). The work that people do is their **economic activity** which **makes up** the **economic system** of a town, a city, a country or the world. Such an economic system is the **sum-total** of what people do and what they want.

Economists study the general life of the community in order to

understand how it all works. Using objective and scientific methods they describe the facts of the **economy** in which we live and try **to solve** the basic **problem** of economics: how **to convert** humanity's limited resources **into** the goods and services that best **satisfy** their needs. They also explain how to maximize **productivity**, **create wealth** and **maintain** financial stability.

There are two main branches of economics: **macroeconomics** and **microeconomics**. **Microeconomics** focuses on individual people and individual businesses to explain how individuals make decisions about where to spend their money or how to invest their **savings**. It looks at firms' individual behaviour in the market and when they're **competing against** each other.

**Macroeconomics**, on the other hand, **takes** a much broader **view** by analyzing the economic activity of an **entire** country or the international marketplace and concentrating on **economy-wide factors** such as **interest rates**, **inflation** and **unemployment**.

To sum up, economics is all about **scarcity** and choice. There is too little time and resources to satisfy all our desires, so people have **to make** hard **choices** about what to produce and **consume**. Economists analyse the decisions that people make about how to best maximise human happiness in a world of scarcity.



Consider just how nasty, irrational and short life used to be: standards of living were quite low, and people lived poor, short and painful lives until just a few centuries ago:

- Life expectancy was about 25 years.
- More than 30 per cent of newborns never reached their fifth birthdays.
- Women had a 10 per cent chance of dying during childbirth.
- Most people had personal experience of horrible diseases and/or starvation.
- The standard of living for one generation was no higher than that of previous generations. Except for the nobility, everybody lived at or near subsistence level, century after century.

Find the current data on the issues given above and report on how life has changed.

#### **PRACTICE**

## Ex. 1. Find the words or word combinations in the text to substitute the following:

1. any particular branch 8. to keep in proper or good of knowledge condition 2. to get money by working 9. turn into 3. whole 10. absolutely necessary 4. a thing sold 11. in terms of the country 5. housing 12. shortage 6. use (v.) 13. so 7. variety 14. total of numbers added together

### Ex. 2. Using the information in the text say whether the following statements are true or false:

1.	Most people work in order to get satisfaction and enjoy
	themselves.
2.	People are more interested in non-essential commodities
	because they provide them with particular personal satisfaction.
3.	Economists can use any methods to solve economic
	problems.
4.	Economic science deals with people's desires and needs
	to make their lives better and more comfortable.
5.	Microeconomics studies the general issues of the economy
	in terms of the country while macroeconomics analyses economic
	activities of a particular individual or a company.
6.	Economics is all about scarcity and satisfying needs of
	the society.
7.	The economists' concerns range from people's wages to
	the company's productivity and inflation in terms of the country.
8.	Standards of living have not changed a lot since the last
	century and people can hardly provide themselves with essential
	commodities.