

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 of knowledge | 8. to keep in proper or good 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.