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ECONOMY ENGLISH IN ONE LESSON

TASHKENT

**MINISTRY OF HIGHER AND SECONDARY SPECIAL
EDUCATION OF THE REPUBLIC OF UZBEKISTAN**

TASHKENT STATE UNIVERSITY OF ECONOMICS

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ECONOMY ENGLISH IN ONE LESSON

**O‘zbekiston Respublikasi Oliy va o‘rta maxsus ta’lim vazirligi
tomonidan o‘quv qo‘llanma sifatida tavsiya etilgan**

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Foreword

On December 10, 2012 The first President of the Republic of Uzbekistan Islam Karimov signed a decree “On measures to further improve foreign language learning system” so the teachers and specialists are looking for the most effective teaching methods and they need to work out new internal mechanisms, applying the elements of other systems, to implement the best practices and recommendations on innovative educational technologies, to assess primary standards, to refresh educational process by means of modernizing educational system personnel and developing international cooperation in the sphere of higher and specialized education of English.

ECONOMY ENGLISH IN ONE LESSON compiled for the bachelor students and it may be helpful for all other students learning English for special purposes in the sphere of economics, business, accounting, banking and etc.

The purpose of the manual is to form students of 1-2 courses of economic specialties the ability to read and translate original literature in their specialty and to develop their oral speech skills within the scope of the topics covered.

The manual is divided into three parts.

The first part has 10 sections, each of which has the following structure: text for analytical readings with pre-text and post-text tasks.

The second part includes Texts for Supplementary Reading.

The third part consist of Economic and Management Terms and References.

The manual contains materials of varying degrees of difficulty; some of them can be used in advanced groups and in groups of graduate students and applicants for scientific degrees. The materials of the manual can also be used in specialized schools and classes of an economic profile. The manual will also provide considerable assistance to those practitioners who wish to independently improve their proficiency in professional vocabulary.

The dictionary included in the manual covers the necessary volume of economic, banking and marketing terms used by modern native speakers.

Unit 1.The Economic Problem



1.Read the following words .Quyidagi so‘zlarni o‘qing:

Economics, sensible, essentially, true, equally, survival, conscious, however, continuity, prosperous, fortunate, extremely, sustain, peasant, inhabitant, observe, totally, directly.

2. Read and translate the following words. Quyidagi so‘zlarni o‘qing va tarjima qiling:

a vast subject, precise definitions, the basic question, the material aspects, an underlying problem, advanced countries, struggle for existence, standard of living, a large percentage, self-sufficient communities, economic independence, industrialised societies.

3. Memorize the following words and phrases. Quyidagi so‘z va so‘z birikmalarini eslab qoling.

advanced countries- rivojlangan mamlakatlar.

apply (v.) – foydalanmoq

completely (adv.) – butunlay.

degree (n.) – daraja

depend on (v.)- bogliq bo‘lmoq.

directly (adv.) –tugridan- tugri

efford (n.)- harakat

equally (adv.)- tenglik

essentially (adv.)- kerakli
examine (v.)- tekshirib ko‘rmoq
extremely (adv.)- juda
however (adv.)- biroq
inhabitant (n.)- yashovchi
means (n.)- vosita
opposite (adj.)- qarama qarshi
percentage (n.)- foiz
pose a question – savol bering
poverty (n.)- kambag‘allik
provide (v.)- ta‘milamoq
remote (v.) – uzoqdan
satisfy wants- ehtiyojlarni qondirish
self-sufficient (adj.)- iqtisodiy jihatdan mustaqil
solve a problem – muammoni echish
skill (n.)- mahorat
standard of living-hayot darajasi
struggle for survival-omon qolish uchun kurash
totally (adv.)- umuman
vast (adj.)- keng
way (n.)- yo‘l

4. Convert the sentence to Past and Future Simple. Gaplarni Past va Future Simple ga o‘zgartiring.

1. It is not a difficult matter to give a simple answer to the basic question.
2. People apply their knowledge and efforts to the gifts of nature in order to satisfy their material wants.
3. Even in the prosperous countries there is an aspect of survival.
4. This problem attracts little attention.
5. Such people have the abilities to sustain life without outside assistance.
6. They experience great poverty.
7. They depend on the efforts and cooperation of many thousands of specialist workers.

The Individual and Society



Most introductory textbook on Economics begins by posing the question, “ What is Economics about? Although Economics is a vast subject and precise definitions are usually very complex, it is not a difficult matter to give a simple and sensible answer to the basic question. Economics is essentially a study of the ways in which people apply their knowledge, skills, and efforts to the gifts of nature in order to satisfy their material wants.

Economics limits itself to the study of the material aspects of live, and while it is true that man cannot live by bread alone, it is equally true that man cannot live without it. An underlying problem in economics is that of survival and we must examine how people have solved or are trying to solve this problem. In the more advanced countries this may seem a very remote problem – few people, if any, are conscious of a life or death struggle for existence. In many other countries, however, the continuity of human existence is by no means assured – starvation is a very real prospect for millions of human beings.

Even in the prosperous, economically advanced countries there is an aspect of survival which attracts little or no attention from those of

us fortunate enough to live in these areas. This is our relative helplessness as 'economic' individuals. The Indian peasants have an extremely low standard of living, yet, left completely to their own devices, they can survive. Such people have the abilities to sustain life without outside assistance. A large percentage of the human race still lives in very small self-sufficient peasant communities. These people experience great poverty, but they can provide on an individual basis, for their own survival. They have a great degree of economic independence.

If we now turn to the inhabitant of New York, London, or any other great metropolitan area we must observe the opposite situation- a high standard of living together with an extreme economic dependence. The inhabitants of cities are totally incapable of providing for themselves, directly, the means of their survival. They could not feed themselves, or build their own houses. Such people depend, each and every day of their lives, on the efforts and cooperation of many thousands of specialist workers. In industrialised societies a high standard of living is possible only if the organized cooperation of large numbers of people can be guaranteed. In the economically developed countries we are rich, not as individuals, but only as members of a complex economic organisation.

1. Read and translate the text. Matnni o'qing va tarjima qiling.

2. Fill in the blank using the following words. Bo'sh o'rinlarga quyidagi so'zlarni qo'ying.

inhabitants, precise, prospect, vast, standard, percentage, means, human

1. Economics is a ... subject and ... definitions are very complex.
2. Starvation is a very real ... for millions of ... beings. 3. The Indian peasants have an extremely low ... of living. 4. A large ... of the human race still lives in small self-sufficient peasant communities. 5. The ... of cities are totally incapable of providing for themselves the ... of their survival.

3. Find synonyms among the following words. Quyidagi so'zlar orasidan sinonimlarni toping.

study, precise, complex, subject, essentially, use, exact, matter, basically, mainly, apply, developed, examine, advanced, completely, help, community, totally, assistance, society, build, gift, construct, present.

4. Fill in the blanks using verbs in brackets. Qavsdagi fe'llar yordamida bo'sh joyni to'ldiring

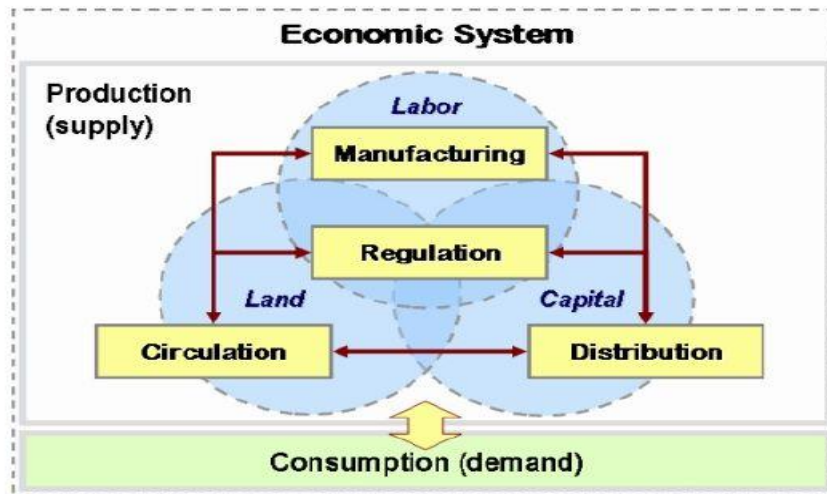
1. Although Economics ... a vast subject and precise definitions ... usually very complex, it ... not a difficult matter to give a simple answer to the basic question (to be). 2. Economics ... itself to the study of the material aspects of life (to limit). 3. We must examine how people have solved or ... to solve this problem (to try). 4. It ... little attention from those of us fortunate enough to live in these areas (to attract). 5. A large percentage of human race still ... in small self-sufficient communities (to live).

5. Answer to these questions. Quyidagi savollarga javob bering .

1. What do most introductory books on Economics begin by?
2. What does Economics study?
3. What does it limit itself to?
4. What is an underlying problem of Economics?
5. What categories of people can survive without out-side assistance?
6. Why do they have a very low standard of living?
7. Why aren't the inhabitants of big cities economically independent?
8. Why is a high standard of living impossible without a cooperation of large numbers of people?

6. Retell the text "The Individual and Society". Matnni gapirib bering.

Unit 2. ECONOMIC SYSTEM



An **economic system** is the combination of the various agencies, entities that provide the economic structure that guides the social community.

1. Read the following words. Quyidagi soʻzlarni oʻqing:

distribution, appearance, variety, structure, category, society, harvesting, procedure, affront, ancestors, rigidity, ancient, path, similar, solution, familiar

2. Read and translate the following words. Quyidagi soʻzlarni oʻqing va tarjima qiling:

economic society, a mechanism of survival, the tasks of production and distribution, fairly recent times, in the distant past, the accepted ways, a long process of trial and error, working procedures, the same skills and tools, in a similar manner, equal pay, legal sanction

3. Memorize the following words and phrases. Quyidagi soʻz va soʻz birikmalarini eslab qoling.

according to (adv.) —ga qaraganda

appearance (n.) — tashqi koʻrinish

argue (v.) — bahslashmoq

arise (v.) — paydo boʻlish

broad (adj.) — keng

carry out (v.) — amalga oshirimoq

custom (n.) — odatiy

determine (v.) — aniqlamoq
develop (v.) - rivojlantirmoq
devise (v.)— ixtiro qilmoq
distant (adj.) — masofa
distribution (n.) — taqsimlash
division (n.) — bo‘linish
exist (v.)— mavjud
equal pay— teng ish haqi
fairly (adv.) – etarlicha

familiar (adv.) — tanish
fixed (adj.) - belgilangan
in spite of- qaramasdan
legal (adj.)- qonuniy
market (n.) - bozor
obtain (v.) – qabul qilish
present (v.) -vakillik qilish
procedure (n.)-jarayon
process of trial and error-sinov va xato
recent (adj.) -yaqinda
regard (v.)- hisoblash
rigidity (n.)- qattqlik
share (n.) -ulush
share on (v.) tarqatmoq
similar (adj.)-o‘xshash
skill (n.)-mahorat
task (n.)- topshiriq
tool (n.) -vosita
trade (n.)- kasb
variety (n.)- xar xillik
whereby (adv.) shu bilan

4. Form nouns from the following verbs. Quyidagi fe'llardan otlarni hosil qiling.

Present, produce, distribute, develop, group, describe, divide, select, change, discuss, decide, use

5. Convert Sentences to Past and Future Simple. So‘zlarni Past va Future Simplega o‘zgartiring.

1. It presents the mechanism for survival.
2. They are able to carry out the task of production.
3. It is possible to group these structures into four broad categories.
4. These methods are based on tradition.
5. A son follows in the footsteps of his father and uses the same skills and tools.
6. The distribution problem is solved in a similar manner.
7. They receive shares according to an ancient custom.
8. Tradition plays some part in economical processes.

Economy



To an economist, economic society presents itself as a mechanism for survival - a means whereby people are able to carry out the tasks of production and distribution. If we look at the different political and social structures which exist in the world today, and the way in which those systems have developed over the years, we are tempted to say that people have made use of, and are making use of, a very great varieties of economic systems. In fact, in spite of the appearance of great variety, it is possible to group these different economic structures into four broad categories. These basic types of economic organisation are usually described as Traditional economies, Market economies, Command economies and Mixed economies.

Traditional economies

The oldest and until fairly recent times by far the most common way of solving economic problem was that of tradition. In traditional societies, people use methods of production and distribution that were devised in the distant past and which have become the accepted ways of doing things by a long process of trial and error.

In these societies we find that the division of land among the families in the village or tribe, the methods and times of planting and harvesting, the selection of crops, and the way in which the produce is distributed among the different groups are all based upon tradition. Year by year, little is changed; indeed a change in working procedures

may well be regarded as an affront to memory of one's ancestors or as an offence against the gods.

The basic economic problems do not arise as problems to be discussed and argued about. They have all been decided long ago. One follows the path that one was born to follow; a son follows in the footsteps of his father and uses the same skills and tools. A caste system provides a good example of the rigidity of a traditional society. The production problems (i. e. What? and How?) are solved by using land as it has always been used and the worker carrying out the traditional skills according to his or her fixed place in social structure. The distribution problem (i. e. For Whom?) is solved in a similar manner. There will be time-honoured methods of sharing out the produce of the harvest and hunt. The elders, the heads of families, the women and the children will receive shares according to ancient custom.

Traditional solutions to the economic problems of production and distribution are encountered in primitive agricultural and pastoral communities. But, even in advanced countries, tradition still plays some part in determining how the economy works. We are familiar with industries in which it is customary, for the son to follow his father into a trade or profession, and in Britain equal pay for women did not obtain legal sanction until the 1970-s.

1. Read the text and translate. Matnni o'qing va tarjima qiling.

2. Fill in the gaps using the following words. Bo'shliqlarni quyidagi so'zlar yordamida to'ldiring

land, long, path, presents, arise, solved, shares, similar, custom, distribution, tasks, used, as

1. Economic society ... itself a means whereby people are able to carry out the ... of production and

2. The basic economic problems do not ... as problems to be discussed and argued about.

3. They have all been decided ... ago.

4. One follows the ... that one was born to follow.

5. The production problems are ... by using ... as it has always been

6. The distribution problem is ... in a ... manner.

7. The elders will receive ... according to ancient

3. Make sentences using the following words. Quyidagi so‘zlardan foydalanib gaplar tuzing.

1. these, possible, to, group, is, different, structures, three, into, categories, broad, it, economic.

2. way, economic, the, oldest, solving, tradition, that, was, problems, of, of.

3. have, been, all, they, ago, decided, long.

4. in, son, footsteps, his, of, a, father, follows, the.

5. is, distribution, solved, problem, manner, in, similar, the, a.

4. Fill in the blanks with prepositions. Bo‘sh joylarni predloglar bilan to‘ldiring.

1.... fact, ... spite ... the appearance ... great variety, it is possible to group these structures ... four broad categories

2. These types ... economic organisation are usually described ... Traditional economies, Market economies, Command economies and Mixed economies.

3. The oldest and until fairly recent times ... far the most common way in solving economic problems was that... tradition.

4. ... traditional societies, people use methods ... production and distribution that were devised ... the distant past.

5. ... these societies we find that the division ... land ... the families ... the village or tribe, the methods and times ... planting and harvesting all all based ... tradition.

6. Year ... year, little is changed.

7. The basic economic problems do not arise ... problems to be discussed and argued

8. There will be time-honored methods ... sharing ...the produce ... the harvest and hunt.

9. ... Britain equal pay ... women did not obtain legal sanction ... the 1970s.

5. Answer to these questions. Quyidagi savollarga javob bering .

1. What does economic society present itself for an economist?

2. What broad categories can different economic systems be grouped into?

3. What methods of production and distribution do people in traditional societies use?
4. What example does a caste system provide?
5. How are the production problems (What? and How?) solved in traditional societies?
6. What part does tradition play in advanced countries? Give examples.
- 6. Retell the text “Economy”. Matnini gapirib bering.**

UNIT 3. THE FACTORS OF PRODUCTION



1. Read the following words .Quyidagi so‘zlarni o‘qing:

reason, consumer, incentive, efficiency, available, measure, average, feature, obviously, employment, eligible, equal, decline, relationship, quantity, apparent, relatively, therefore

2. Read and translate the following phrases. Quyidagi so‘z birikmalarini o‘qing va tarjima qiling:

human effort, goods and services, a factor of production, in terms of efficiency, additional considerations, the average number of hours, the size of the total population, full time employment, legally controlled, an important determinant of the supply of labour, the gradual reduction, an extension of the annual holiday period, for the time being

3. Memorize the following words and phrases. Quyidagi so‘z va so‘z birikmalarini eslab qoling.

accompany(v)- hamrohlik qilmoq

additional(adj)- qo‘shimcha

amount(n.)- miqdor

annual (adj.)- yillik

apparent (adj.)- aniq

assume (v.)- tasdiqlash

available (adj.)- mavjud

average (adj.)- o‘rtacha

composition(n.)- tuzilishi
consideration (n.)- ko‘rib chiqish
consumer (n.)- iste'molchi
cost (n.)-narx
define (n.)- aniqlash
demand (n.)-talab
determinant (n.)- hal qiluvchi, hal qiluvchi omil
direct (v.)- rahbarlik qilish, boshqarish
efficiency (n.)- samaradorlik
eligible (adj.)-mos
embrace (v.)- foydalanib qolmoq
engage in (v.)- ishga joylashish
extention (n.)- o‘shish
fall (n.)-tushish
firm (n.)-firma
full-time employment-to‘liq bandlik
goods(n)- tovarlar
gradual (adj.)- asta-sekin
hence (adv.)- shu sababli
human (adj.)-insoniyat
incentive (n.)- motivatsiya, rag'batlantirish
income (n.)- daromad
important (adj.)-muhim
labour (n.)- ishchi kuchi
leisure (n.)- bo‘sh vaqt
mean (v.)- anglatadi
measure (n.)- o‘lchov
mental (adj.)- aqliy
number (n.)- qator, raqam
obviously (adv.)- aniq
offer (n.)-taklif
output (n.)-ishlab chiqarish
own (v.)- egallamoq
point (n.)-nuqta
population (n.)- aholi
price (n.)-narx
quantity (n.)- miqdor

raise (v.)-ko‘tarilmoq
range (n.)- oralig'i
rate(n.)-**narx**
reason (n.)-sabab
reduction (n.)- qisqartirish
relationship (n.)- munosabatlar
relatively (adv.)- nisbatan
renumeration (n.)- qayta ishlab chiqarish
rise(v)- oshirish
service (n.)-xizmat
size (n.)-o‘lcham, hajm
solely (adv.)- faqat
supply (n.)- ta'minot
take into account-hisobga olmoq
take part (v.)-ishtirok etmoq
treat (v.)- ishlov bermoq
wages(n.)- ish haqi

Labour



Labour is human effort – physical and mental - which is directed to the production of goods and services. But labour is not only a factor

of production, it is also the reason why economic activity takes place. The people who take part in production are also consumers, the sum of whose individual demands provides the business person with the incentive to undertake production. For this reason when we are considering real-world economic problems it is necessary to treat labour somewhat differently from the other factors. There are social and political problems which have to be taken into account. For example, the question of how many hours per day a machine should be operated will be judged solely in terms of efficiency, output, and costs. The same question applied to labour would raise additional considerations of individual freedom and human rights.

It must be borne in mind that it is the services of labour which are bought and sold, and not labour itself. The firm cannot buy and own labour in the same way that capital and land can be bought and owned.

The supply of labour

The supply of labour available to an economy is not the same thing as the number of people in that community. The labour supply is a measure of the number of hours of work which is offered at given wages over some given period of time. It is determined, therefore, by the number of workers and the average number of hours each worker is prepared to offer. Both of these features are subject to change and, at any moment of time, they will depend upon a number of things.

1. *The size of the total population.* This is obviously very important because the size of the total population sets an upper limit to the supply of labour.

2. *The age composition of the population.* The age composition of a population takes accounts of the proportions in the different age groups. Two countries might have the same total populations, but very different age compositions and hence very different numbers in the working age groups.

3. *The working population.* In many countries the minimum age at which a person may engage in full-time employment is legally controlled. In the UK this is now 16 years and the normal age for retirement is 65 years (60 in the case of women). The age range 16 to

65 years (or 60 years) covers the working age groups, but this does not mean that the total working population embraces all the people in these age groups.

The working population may be defined as the number of people who are eligible for work and offer themselves for employment.

4. *The working week and holidays.* The number of people who work (or are available for work) is an important determinant of the supply of labour, but so is the average number of hours each person works. The supply of labour provided by 20 people working for 40 hours is the same as that provided by 40 people working for 20 hours. Other things being equal, the shorter the working week, the smaller the supply of labour.

The gradual reduction in the working week has been accompanied by an extension of the annual holiday period. Again this amounts to a reduction in the supply of labour.

It must not be assumed, however, that a fall in the supply of labour implies a reduction in the output of goods and services. In spite of the decline in the average number of hours worked by each person, output per worker has continued to rise because of improved technology.

5. *Remuneration.* The relationship between quantity supplied and price is discussed at length later in this book, but for the time being it should be apparent that there will be a relationship between the amount of work offered and the price paid for that work. Generally speaking, when wage rates are relatively low, increases in wages will tend to lead to an increase in the supply of labour, but there comes a point when higher incomes make leisure more attractive. When incomes are relatively high, therefore high wage rates may reduce the amount of labour offered by the individual worker.

1. Read and translate the text. Matnni o‘qing va tarjima qiling

2. Fill in the gaps using the following words. Bo‘shliqlarni quyidagi so‘zlar yordamida to‘ldiring

incomes, price, directed, determinant, take part, reduction, output, subject, labour, rates, relationship, supply, treat, account, number, increase, services

1. Labour is ... to the production of goods and
2. The people who ... in production are also consumers.
3. It is necessary to ... labour somewhat differently from the other factors.
4. There are social and political problems which have to be taken into....
5. Both of these features are ... to change.
6. The ... of people who work is an important ... of the... of labour.
7. A fall in the supply of labour implies a ... in the ... of goods and services.
8. There is a ... between the amount of work offered and the ... paid for this work.
9. When wages ... are relatively low, increases in wages will tend to lead to an ... in the supply of
10. Higher ... make leisure more attractive.

3. Make sentences using the following words. Quyidagi so‘zlardan foydalanib gaplar tuzing

1. is, labour, services, directed, the, to, of, production, and, goods.
2. who, the, are, people, take part, also, in, consumers, production, the.
3. of, both, features, are, these, to, subject, change.
4. things, they, will, a, depend, of, upon, number
5. make, incomes, attractive, higher, more, leisure.

4. Answer to these questions. Quyidagi savollarga javob bering .

1. What does the term 'labour' involve?
 2. Why is it necessary to treat labour somewhat differently from the other factors of production?
 3. Why cannot a firm buy and own labour in the same way that capital and land can be bought and owned?
 4. What is labour supply?
- 5. Retell the text “Labour”. Matni gapirib bering.**

UNIT 4. THE DIVISION OF LABOUR



1. Read the following words. Quyidagi soʻzlarni oʻqing:

complete, labour, remarkable, relatively, specialization, peculiar, important employee, advantage, performance, dexterity, description, quickly, separate, undoubtedly, opportunity, judgment, initiative, whilst, responsibility, frustrating, adaptable, obsolete, argument, interdependence, enormous, nevertheless, particularly, variety

2. Read and translate the following words. Quyidagi soʻz birikmalarini oʻqing va tarjima qiling:

the most striking feature, hundreds of separate operations, extremely proficient, the reasons for the improved performance, some particular aptitude, power-driven lathes, a marked decline in the degree of craftsmanship, especially liable to unemployment, a low-cost method of production, extremely vulnerable

3. Memorize the following words and phrases. Quyidagi soʻz va soʻz birikmalarini eslab qoling

aptitude(n.)- qobiliyat
constant(adj.)-muntazam
devise(v.)- oʻylab topmoq
dexterity(n.)- mahorat
division of labour- mehnat taqsimoti

employee (n.)- ishchi, xodim
feature(n.)- xususiyat
lead to(v.) - olib kelmoq
necessity (n.)- zaruriyat
performance (n.)- ishlash
proficient (adj.)- mohir, tajribali
relatively (adv.)- nisbatan
remarkable (adj.)- sezilarli, ahamiyatli
sense (n.)- ma'no
straighten (v.)- to'g'rilamoq
striking (adj.)- hayratlanarli
task (n.)-topshiriq
waste(v.)-sarflamoq

The Division of Labour

By far the most striking feature of production in a developed country is the fact that the worker almost never makes a complete product. Labour is divided in the sense that the production process is split into a very large number of individual operations and each operation is the special task of one worker. The principle of the division of labour is now carried to remarkable lengths and the production of relatively simple things may be broken down into hundreds of separate operations.

Adam Smith, writing in the latter part of the eighteenth century, provided what has now become the most celebrated account of specialisation. On a visit to a factory engaged in making pins he observed: 'One man draws out the wire, another straightens it, a third cuts it, a fourth points it, a fifth grinds the top to receive the head; to make the head requires two or three distinct operations; to put it on is a peculiar business; to whiten it is another; it is even a trade in itself to put them into paper. The important business of making pins is, in this manner, divided into about 18 distinct operations'.

He estimated that production per day in this factory was about 5000 pins per person employed. If the whole operation had been carried out from start to finish by each employee, Smith estimated that he would have been able to make only a few dozens each day.

Advantages of the division of labour

Why should specialisation lead to such great increases in productivity? Smith followed up his description by an analysis which attempted to discover the reasons for the improved performance.

1. A person who spends his or her time performing one relatively simple task becomes extremely proficient at that particular operation. Constant repetition leads to great dexterity, or, as most people would say, 'practice makes perfect'.

2. No time is wasted in moving from one job to another. The necessity of moving from station to station, putting down one set of tools and picking up another is eliminated.

3. There is a saving of time in the training of operatives. A man or woman can be trained very quickly for the performance of a single operation.

4. There is a saving of skill. Specialisation means that many different occupations are created, each one of which calls for some particular aptitude. It is possible, therefore, for each worker to specialise in the job for which he or she is best suited.

5. One of the most important advantages of the division of labour is that it makes possible a much greater use of machinery. When a complex process has been broken down into a series of separate, simple processes it is possible to devise machinery to carry out each individual operation. It would be extremely difficult, for example, to construct a machine which would carry out the whole business of making a chair, but once this has been reduced to series of separate operations, it becomes possible to use electric saws, planing machines, power-driven lathes, etc.

1. Read and translate the text. Matnni o‘qing va tarjima qiling

2. Fill in the gaps using the following words. Bo‘shliqlarni quyidagi so‘zlar yordamida to‘ldiring

single, specialisation, saving, process, split, means, task, productivity, occupations, performance

1. The production ... is ... into a very large number of individual operations.

2. Each operation is a special ... of one worker.

3. There is a ... of time in the training of operatives.

4. Specialisation ... that many different ... are created.

5. A man or woman can be trained very quickly for the... of a ... operation.

6. ... leads to a great increases in ...

3. Make sentences using the following words. Quyidagi soʻzlardan foydalanib gaplar tuzing

1. almost, a, the, worker, makes, never, product, complete.

2. process, split, is, a, very, into, number, large, of, production, the, operations, individual.

3. special, one, of, the, each, worker, operation, task, is.

4. leads, great, constant, to, repetition, dexterity.

5. means, many, that, specialisation, are, occupations, different, created.

6. labour, machinery, use, greater, the, of, division, much, a, possible, makes.

4. Answer to these questions. Quyidagi savollarga javob bering .

1. What is the most striking feature of production in a developed country?

2. Why does specialisation lead to great increases in productivity?

5. Explain in English what the division of labour is... Mehnat taqsimoti nima ekanligini ingliz tilida tushuntiring.

6. Read and retell "The Division of Labour" . Matnni gapirib bering.

UNIT 5. TYPES OF BUSINESS ORGANISATION



1. Read the following words .Quyidagi so‘zlarni o‘qing.

enterprise, responsible, alternatively, numerous, efficiency, ownership, incentive, disadvantage, liability, possession, involvement, since, entrepreneur, resources, security, prevalent, retailing, debts

2. Read and translate the following words. Quyidagi so‘z birikmalarini o‘qing va tarjima qiling:

sole proprietor, joint stock company, cooperative society, public corporation, one-person business, decision-taker, extremely flexible, easy adjustment, market conditions, repair and maintenance work, personal services

3. Memorize the following words and phrases. Quyidagi so‘z va so‘z birikmalarini eslab qoling

ability (n.)-qobilyat
acquire (v.)- sotib olmoq
adjustment (n.)- moslashish
borrow (v.)-qarz olmoq
bear (v.)-olib yurmoq
capable (adj.)-qobiliyatli
debt (n.)-qarz
decision (n.)-qaror
entrepreneur (n.)- tadbirkor
enterprise (n.)- kompaniya

event (n.)- voqea
failure(adj.)- muvaffaqiyatsizlik
flexible(adj.)- egiluvchan
Joint Stock Company- Aksiyadorlik jamiyati
liability (n.)- javobgarlik
loss(n.)- yuqotish
maintenance (n.)- texnik xizmat kursatish
ownership(n.)- mulkchilik
partnership (n.)- sheriklik
possess (v.)- egalik
profit(n.)- foyda
refer to(v.)- aloqador bo'lmoq
repair(n.)- ta'mirlash
responsible(adj.)-javobgarlik
restrict(v.)- cheklash
retail(adj.)- chakana savdo
seize (v.)- qo'lga olish
sole proprietor- yakka tartibdagi tadbirkor
strength (n.)- kuchli tomoni.
success (n.)- muvaffaqiyat
therefore-shuning uchun
value(n.)- qiymat

TYPES OF BUSINESS ORGANISATION

The different types of business organisation to be found in the UK and most other capitalist countries may be classified under five headings: the sole proprietor, the partnership, the joint stock company, the cooperative society, and the public corporation.

The sole proprietor

This is the simplest and the oldest form of business enterprise and often referred to as the one-person business. A single person provides the capital, takes the decisions, and assumes the risks. He or she is solely responsible for the success or failure of the business and has, therefore, the sole rights to such profits as may be made, or, alternatively, bears the sole responsibility for such losses as may accrue. The one-person business is still far more numerous than any other types of business organisation, but in terms of total output

employment, value of capital employed, or value of total output, it is relatively unimportant compared with the joint stock company.

The strength of this type of firm lies in the direct personal interest of the proprietor in the efficiency of his enterprise. Ownership and control are vested in one person who enjoys all the fruits of success and hence has a great incentive to run the firm efficiently. Since the proprietor is the sole decision -taker and has no need to consult colleagues when changes of policy are required we should expect this type of organisation to be extremely flexible and capable of quick and easy adjustment to changes in market conditions.

The great disadvantage of the sole proprietor from an enterprise lies in the fact that the owner is personally liable for the debts incurred by his firm and his liability is unlimited. All his personal possessions are at risk and may be seized to meet creditors demands in the event of the business becoming insolvent. Another disadvantage of this type of firm is the strict limitation of its ability to acquire capital for expansion. Finance is restricted to the amounts which the entrepreneur is able to provide from his own resources and whatever sums he can borrow on his own security.

We find the one person business prevalent in farming, retailing, building, repair and maintenance work, and personal services such as hairdressing.

Partnerships are voluntary combinations of from 2 to 20 persons formed for the purpose of carrying on business with a view of profit. This type of organisation represents a logical development from the one-person business since the obvious method by which such a firm may acquire further capital is to form a partnership. The motive, however, may not be financial and partnerships are often formed in order to bring new ability and enterprise into the business.

The partners usually share in the task of running the business, but a partner need not play an active role. A person who joins a partnership, supplying capital and sharing in the profits, but taking no part in the management is known as a dormant or sleeping partner. Partnerships are a common form of business organisation in such professions as law, accountancy, surveying, and medicine.

The Joint Stock Company

The most important form of business organisation in the UK is the joint stock company. Basically, it consists of an association of people who contribute towards a joint stock of capital for the purpose of carrying on business with a view to profit. A company may be defined as a legal person created to engage in business, capable of owning productive assets, of entering into contracts, and of employing labour in the same way as an individual. There are two kinds of joint stock company, the private company and the public company.

1. Read and translate the text. Matnni o‘qing va tarjima qiling

2. Fill in the gaps using the following words. Bo‘shliqlarni quyidagi so‘zlar yordamida to‘ldiring.

possessions, adjustment, proprietor, failure, headings, enterprise, efficiency, ownership conditions, flexible, liability, debts, decisions, responsible

1. The different types of business organisation may be classified under five

2. This is the simplest and the oldest form of business....

3. A single person is solely ... for the success or ... of the business.

4. His ... is unlimited.

5. ... and control are vested in one person.

6. This type of organisation is extremely ... and capable of quick ... to changes in market

7. The owner is personally liable for the ... incurred by his firm.

8. All his ... are at risk.

9. A single person provides the capital, takes the ... , and assumes the risks.

3. Find synonyms among the following words. Quyidagi so‘zlar orasida sinonimlarni toping:

enterprise, decision, acquire, business, obtain, need, event, proprietor, case, owner, responsible, solution, liable, require

4. Find antonyms among the following words. Quyidagi so‘zlar orasida antonimlarni toping:

strength, profit, success, security, weakness, amount, failure, quantity, danger, loss

5. Answer to these questions. Quyidagi savollarga javob bering

1. What are the types of business organisation to be found in the UK?
2. What is the simplest and oldest form of business enterprise?
3. What is the strength of the one-person business?
4. What are the disadvantages of this form of business organisation?
5. Why is the one-person business less important compared with the joint stock company?
6. Where is the one-person business prevalent?

**6. Read and retell “TYPES OF BUSINESS ORGANISATION”
. Matni gapirib bering.**

UNIT 6. PRICES AND MARKETS



1. Read the following words. Quyidagi soʻzlarni oʻqing.

determinant, valuable, commodity, subjective, worth, transaction, reveal, nowadays, kind, arise, necessarily, familiar, meaning, arrangement, requirement, efficiently, foreign, participants, commodity, countrywise, world-wide, foodstuffs

2. Read and translate the following words. Quyidagi soʻz birikmalarini oʻqing va tarjima qiling:

the same thing, the basic determinants of price, subjective value, the economic worth of value, market transactions, exchange of goods and services, a much wider meaning, the small ad. columns, on a countrywise basis, under market conditions

3. Memorize the following words and phrases. Quyidagi soʻz va soʻz birikmalarini eslab qoling

buyer (n.)- xaridor

commodity (n.)- mahsulot

concern (n.)- g'amxoʻrlik; biznes; munosabat;

consumer goods-iste'mol mollari

dealing (n.)- bitim

ease (n.)- osonlik

imply (v.)- oʻz ichiga olmoq, anglatmoq;

kind (n.)- ko‘rinish
meaning (n.)- qiymat
participant (n.)- ishtirokchi
particularly (adv.)- ayniqsa
represent (v.)- namoyish qilmoq
reveal (v.)- ochib bermoq
seller (n.)- sotuvchi
separate (adj.)- alohida
supply (n.)- ta'minot
transaction (n.)- bitim

Price and Value

In this chapter we discuss the basic determinants of price. Price is not the same thing as value. Things are 'valuable' because people think they are, and for no other reason. The 'value' which an individual places on a commodity can not be measured; its value will be different for different people. This kind of subjective value is not the concern of the economist who is interested only in 'value in exchange'. The economic worth of value of a good can only be measured in some kind of market transaction which reveals the value of the good in terms of what is offered in exchange for it. If 5 lb of potatoes will exchange for 5 lb of sugar, then the 'price' of 1 lb of sugar is 5 lb of potatoes. Nowadays practically all exchanges represent an exchange of goods and services for money, and prices in terms of money are the market value of the things they buy.

Markets

Prices arise in exchange transactions and this implies some kind of market. This need not, necessarily, be a fixed location - a building, or a market place. We are all familiar with the open and covered markets in the centres of our towns, but in the modern world the word 'market' has a much wider meaning. Any effective arrangement for bringing buyers and sellers into contact with one another is defined as a market. The small ad. columns of the local newspaper provide a very efficient market for second-hand cars. Face to face contact between buyers and sellers is not a requirement for a market to be able to operate efficiently. In the foreign exchange market, buyers and sellers are separated by thousands of miles, but the knowledge of what is

happening in the market is just as complete, and the ease of dealing is just as effective as if the participants were in the same room.

For some commodities, notably fresh fruit and vegetables, the traditional market is still the normal arrangement, but for most goods the market is a national one. Most consumer goods, in developed countries, are bought, and sold on a countrywise basis. For other commodities the market is world-wide. This is particularly true of the more important primary products such as rubber, tin, copper, and oil, and of the basic foodstuffs such as meat, wheat, sugar, tea, and coffee. Most of the products of advanced technology also have world markets, for example, computers, aeroplanes, ships, and motor cars.

The price of any economic good, under market conditions such as we find in the capitalist world, is determined by the forces of supply acting through the sellers and the forces of demand acting through the buyers, determine the market price.

Demand

The first thing to understand is that demand is not the same thing as desire, or need, or want. We are looking for the forces which determine price, and the strength of the desire for something will not, in itself, have any influence on the price. Only when desire is supported by the ability and willingness to pay the price does it become an effective demand and has an influence in the market. Demand, in economics, means effective demand, and may be defined as 'the quantity of the commodity which will be demanded at any given price over some given period of time'.

Supply

The demand curve shows the relationship between prices and the quantities demanded. The supply schedule and supply curve show the relationship between market prices and the quantities which suppliers are prepared to offer for sale. Supply is not the same thing as 'existing stock' or 'amount available'. We are only concerned here with the amounts actually brought to market and these amounts depend to a large extent on the ruling market price. If a farmer ploughs in his cabbages because he thinks the market price is too low-the cabbages were a part of the existing stock but they never become part of the current supply.

1. Read and translate the text. Matnni o'qing va tarjima qiling

2. Fill in the gaps using the following words. Bo‘shliqlarni quyidagi so‘zlar yordamida to‘ldiring.

supply, transaction, determinants, concern, arise, advanced, value, meaning, markets, conditions, worth, demand

1. In this chapter we discuss the basic ... of price.
2. Price is not the same thing as
3. This kind of subjective value is not the ... of the economist.
4. The economic ... of value of a good can only be measured in some kind of market
5. Prices ... in exchange transactions.
6. In the modern world the word 'market' has a much wider
7. Most of the products of ... technologies also have world
8. The price of any economic good under market ... is determined by the forces of ... and

3. Find synonyms among the following words. Quyidagi so‘zlar orasida sinonimlarni toping:

transaction, price, especially, developed, cost, advanced, basic, take place, purchaser, particularly, buyer, happen, commodity, kind, good, sort, reveal, discover, main, dealing

4. Find antonyms among the following words. Quyidagi so‘zlar orasida antonimlarni toping:

same, false, ignorance, domestic, true, new, different, wide, second-hand, foreign, narrow, knowledge.

5. Answer to these questions. Quyidagi savollarga javob bering

1. What is the difference between 'price' and 'value'?
2. Where do prices arise?
3. What kind of goods are usually sold in fixed locations?
4. What kind of goods are primarily sold and bought on a countrywide basis?
5. For what products is the market world-wide?
6. What is the price of economic goods determined by in the capitalist world?

6. Read and retell “Price and Value”. Matni gapirib bering.

UNIT 7. MONEY



1. Read the following words .Quyidagi so‘zlarni o‘qing.

society, civilisation, adequately, frustrating, surplus, cumbersome, coincidence, merely, disposal, similar, triangular, major, acceptable, medium, amazing, valuation, immediately, wealth, deteriorate, purchase, spread, pattern, instalment

2. Read and translate the following words. Quyidagi so‘z birikmalarini o‘qing va tarjima qiling:

an essential tool of civilisation, the direct exchange of goods and services, the great disadvantage of barter, a laborious system of exchange, an amazing variety of goods and services, a piece of furniture, the value of one commodity, a means of making deferred payments, in the case of hire purchase contracts

3. Memorize the following words and phrases. Quyidagi so‘z va so‘z birikmalarini eslab qoling

acceptable (adj.)- maqbul
adequately (adv.)- etarlicha
arrangement (n.)- qurilma
article (n.)- mahsulot, tovar
coincidence (n.)- tasodif
consider (v.)- ko‘rib chiqish
cumbersome (adj.)- katta, og'ir
deferred payment- kechiktirilgan to‘lov

delivery (n.)- etkazib berish
 deteriorate (v.)- buzmoq
 devote (v.)- bagishlamoq
 обменный курс- valyuta kursi
 face (v.)- biron narsaga urilib ketmoq
 frustrating (adj.)- foydasiz
 hire purchase hold (v.)- sotib olish opsiyasi bilan ijaraga berish
 hold (v.)- saqlamoq
 invention (n.)- kashfiyot
 instalment (n.)- to'lash rejasi
 insure (v.)- kafolat, sug'urta
 laborious (adj.)- xalaqit beradigan
 medium (n.)- shunchaki
 need (n.)- kerak
 payment (n.)- to'lov
 promise (n.)- va'da
 rely upon (v.)- nimagadir ishonish
 remove (v.)- o'chirmoq
 seek out (v.)- qidirmoq
 similar (adj.)- o'xshash
 spread (v.)- tarqatish
 stock (n.)- aksiya
 store (v.)-saqlamoq
 surplus (n.)- qo'shimchalar
 trading (adj.)- savdo
 whereby (adv.)- narsa orqali

Money

Money is one of man's greatest inventions and the fact that all but the least developed of human societies use money indicates that it is an essential tool of civilisation. In the absence of some form of money, exchange may take the form of barter which is the direct exchange of goods and services for goods and services. Barter will serve man's requirements quite adequately when he provides most of his needs directly and relies upon market exchanges for very few of the things he wants. As the extent of specialisation increases, the barter system proves very inefficient and frustrating. In the simplest societies each family will provide by its own efforts most of its needs and perhaps

some small surpluses. A farmer will exchange any small surplus of food, wool or hides for the surpluses of other producers. But this system of exchange becomes very cumbersome as economic activities become more specialised. A specialist metal worker must seek out a large number of other specialists in order to obtain, by barter, the variety of goods he needs to satisfy his daily wants.

The great disadvantage of barter is the fact that it depends upon a 'double coincidence of wants'. A hunter who wants to exchange his skins for corn must find, not merely a person who wants skins, but someone who wants skin and has a surplus of corn for disposal. The alternative is to exchange his skins for some other article and then carry out a series of similar exchanges until he finally gets his corn. Time and energy which could be devoted to production is spent on a laborious system of exchange.

Quite early in his history man discovered a much more convenient arrangement. The use of some commodity as a medium of exchange makes exchange triangular and removes the major difficulty of the barter system. If a commodity is generally acceptable in exchange for goods and services, it is money. A producer now exchanges his goods for money and the money can be exchanged for whatever goods and services he requires.

The functions of money

1. A medium of exchange.

As we have already explained, the use of money as a medium of exchange makes possible a great extenuation of the principle of specialisation. In an advanced society the use of money allows us to exchange hours of labour for an amazing variety of goods and services. We can exchange, for example, two weeks' labour for a holiday abroad just as easily as we can exchange it for a piece of furniture or a year's rent on a television set. Such exchanges are taken for granted yet they would be inconvenient without the use of money.

2. A measure of value.

The first step in the use of money was probably the adoption of some commodity as a unit of account or measure of value. Money, most likely, came into use within the barter system as a means whereby the values of different goods could be compared. The direct exchange of goods for goods would raise all sorts of problems

regarding valuation. For example 'How many bushels of corn are equal in value to one sheep, if twenty sheep exchange for three cows and one cow exchanges for ten bushels of corn?' The problem of exchange rates is easily solved when all other commodities are valued in terms of a single commodity which then acts as a standard of value. Money now serves as such a standard and when all economic goods are given money values (i.e. prices), we know, immediately, the value of one commodity in terms of any other commodity.

3. A store of value.

Once a commodity becomes universally acceptable in exchange for goods and services, it is possible to store wealth by holding a stock of this commodity. It is a great convenience to hold wealth in the form of money. Consider the problems of holding wealth in the form of some other commodity, say wheat. It may deteriorate, it is costly to store, may be insured, and there will be significant handling costs in accumulating and distributing it. In addition, its money value may fall when it is being stored. The great disadvantage of holding wealth in the form of money has become very apparent in recent years - during periods of inflation its exchange value falls.

4. A means of making deferred payments.

An important function of money in the modern world, where so much business is conducted on the basis of credit, is to serve as a means of deferred payment. When goods are supplied on credit, the buyer has immediate use of them but does not have to make an immediate payment. The goods can be paid for three, or perhaps six, months after delivery. In the case of hire purchase contracts, the buyer takes immediate delivery but pays by means of instalments spread over one, two, or three years.

A complex trading organisation based upon a system of credit can only operate in a monetary economy. Sellers would be most unlikely to accept promises to pay in the future which were expressed in terms of commodities other than money. They would have no idea how much of the commodities they would need in the future, and if they do not want them, they face the trouble and risks involved in selling them. Sellers will accept promises to pay expressed in terms of money because, whatever the pattern of their future wants, they can be satisfied by using money.

1. Read and translate the text. Matnni o‘qing va tarjima qiling

2. Fill in the gaps using the following words. Bo‘shliqlarni quyidagi so‘zlar yordamida to‘ldiring.

granted, convenience, monetary, commodity, money, direct, inventions, barter, valuation

1. Money is one of man's greatest

2. In the absence of some form of money, exchange may take the form of!

3. If a ... is generally acceptable in exchanging for goods and services, it is

4. Such exchanges are taken for

5. The ... of goods for goods would raise all sorts of problems regarding

6. It is a great ... to hold wealth in the form of money.

7. A complex trading organisation based upon a system of credit can only operate in a ... economy.

3. Make sentences using the following words. Quyidagi so‘zlardan foydalanib gaplar tuzing.

1. one, money, is, man's, inventions, greatest, of.

2. is, it, tool, essential, of, an, civilisation.

3. take, the, exchange, of, may, barter, form.

4. will, barter, requirements, quite, man's, adequately, serve.

5. barter, the, system, very, and, inefficient, proves, frustrating.

6. system, very, becomes, exchange, of, cumbersome, this.

4. Fill in the blanks with prepositions. Bo‘sh joylarni predloglar bilan to‘ldiring.

1. Monetary policy is concerned with the cost ... money.

2. Bank-notes and coins are not the most important form ... money ... developed economies.

3. Cheques didn't come ... general use ... the second half of the seventeenth century.

4. A payment from one person ... another merely requires that the banker reduces the amount ... one deposit and increases it ... another.

5. The transmission ... payments ... means ... cheques creates problems when the person making the payment has an account ... a different bank ... the person receiving the payment.

5. Answer to these questions. Quyidagi savollarga javob bering

1. What is barter?
2. When may exchange take the form of barter?
3. When is barter inefficient and frustrating?
4. What are the main functions of money?
5. Why has it become unprofitable to hold wealth in the form of money in recent years?
6. Why is money a perfect means of deferred payments?
7. How does a complex trading organisation operate in a monetary economy?

6. Retell the text “Money”. Matnni gapirib bering.

UNIT 8. INFLATION



1. Read the following words .Quyidagi so‘zlarni o‘qing.

persistently, upwards, hyperinflation, confidence, currency, withdraw, queue, inevitably, aggregate, resources, available, eventually, expenditure, rationing

2. Read and translate the following words. Quyidagi so‘z birikmalarini o‘qing va tarjima qiling:

a steady increase, an extreme form of inflation, aggregate demand, at current prices, little or no effect, a full employment situation, no further increases, deficiency of home supply, the excess purchasing power, the additional government spending, an upward movement of prices

3. Memorize the following words and phrases. Quyidagi so‘z va so‘z birikmalarini eslab qoling

aggregate demand- yalpi talab
attempt (n.)- urinish
confidence (n.)- ishonch
creeping inflation- inflyatsiya
currency (n.)- valyuta, pul
eventually (adv.)- oxir-oqibatda
expenditure (n.)- xarajatlar
experience (v.)- tajriba qilmoq
hyperinflation (n.)- giperinflyatsiya

inevitably (adv.)- muqarrar ravishda
persistently (adv.)- qat'iyat bilan
private (adj.)- xususiy
queue (n.)- burilish
rate (n.)- daraja
rationing (n.)- me'yor
replace (v.)- almashtirmoq
run-away inflation saving (n.)- giperinflyatsiya
saving (n.)- tejash, to'plash
since (conj.)- shundan beri
taxation (n.)- soliqqa tortish
transfer (v.)- ko'chirish, tarjima qilish
withdraw (v.) – chekinmoq

Types of Inflation

There are several ways of defining inflation. In some contexts it refers to a steady increase in the supply of money. In others it is seen as a situation where demand persistently exceeds supply. It seems best, however, to define inflation in terms of its basic symptom-rising prices. Inflation is a situation in which the general price level is persistently moving upwards.

In the extreme form of inflation, prices rise at a phenomenal rate and terms such as hyperinflation, runaway inflation, or galloping inflation have been used to explain the situation. Germany experienced this kind of inflation in 1923 and by the end of that year prices were one million times greater than their pre-war level. Towards the end of 1923, paper money was losing half or more of its value one hour, and wages were fixed and paid daily.

Under conditions of hyperinflation people lose confidence in the currency's ability to carry out its functions. It becomes unacceptable as a medium of exchange and other commodities, such as cigarettes, are used as money. When things have become as bad as this the only possible course of action is to withdraw the currency and issue new monetary units. So great was the loss of confidence in Hungary that the new currency had to be given a new name, the Forint replacing the Pengo.

Another type of inflation is described as suppressed inflation. This refers to a situation where demand exceeds supply, but the effect on prices is minimised by the use of such devices as price controls and rationing. We should note that price controls do not deal with the causes of inflation, they merely attempt to suppress the symptoms. The excess demand still exist and it will tend to show itself in the form of waiting lists, queues, and almost inevitably, in the form of black markets.

The most common type of inflation is that experienced since the war in Britain and other developed countries. This is creeping inflation where the general price level rises at an annual rate between 1 and 6 percent.

The causes of inflation are usually classified as demandpull or cost-push.

Demand inflation

Demand inflation may be defined as a situation where aggregate demand persistently exceeds aggregate supply at current prices so that prices are being 'pulled' upwards. This type of inflation is usually associated with conditions of full employment. If there are unemployed resources available, an increase in demand can be met by bringing these resources into employment.

Supply will increase and the increase in demand will have little or no effect on the general price level. If the total demand for goods and services continues to increase, however, a full employment situation will eventually be reached and no further increases in output are possible (i.e. in the short run). Once the nation's resources are fully employed, an increase in demand must lead to an upward movement of prices.

A situation of excess demand may arise when a country is trying to achieve an export surplus, in order, perhaps, to pay off some overseas debt. Exports are inflationary because they generate income at home but reduce home supplies. Imports, of course, can make good this deficiency of home supply, but if exports are greater than imports there will be excess demand in the home market unless taxes and savings are increased to absorb the excess purchasing power.

Demand inflation might develop when, with full employment, a country tries to increase its rate of economic growth. In order to

increase the rate of capital accumulation, resources will have to be transferred from the production of consumer goods to the production of capital goods. Incomes will not fall since the factors of production are still fully employed, but the supply of the things on which these incomes may be spent will fall. Unless taxation and/or savings increase there will be excess demand and rising prices.

1. Read and translate the text. Matnni o‘qing va tarjima qiling

2. Fill in the gaps using the following words. Bo‘shliqlarni quyidagi so‘zlar yordamida to‘ldiring.

employment, conditions, level, deal, defining, confidence, functions, withdraw, upwards, causes, income

1. There are several ways of ... inflation.

2. Inflation is a situation in which the general price ... is persistently moving

3. Under ... of hyperinflation people lose ... in the currency's ability to carry out its

4. The only possible cause of action was to ... currency.

5. Price controls do not ... with the ... of inflation.

6. This time of inflation is usually associated with the conditions of full

7. Exports generate ... at home but reduce home supplies.

3. Find synonyms among the following words. Quyidagi so‘zlar orasida sinonimlarni toping:

type, steady, level, runaway, rise, standard, expense, medium, cause, confidence, replace, attempt, rate, constant, kind, galloping, means, reason, trust, change, try, total, increase, lead to, aggregate, achieve, result in, generate, reach, produce, reduce, tempo, decrease, expenditure

4. Find antonyms among the following words. Quyidagi so‘zlar orasida antonimlarni toping:

rise, lose, fixed, excess, growth, private, income, fall, find, decline, flexible, deficiency, expenditure, public

5. Answer to these questions. Quyidagi savollarga javob bering .

1. How can inflation be defined?

2. What is hyperinflation?

3. What happens under conditions of hyperinflation?

4. What is the only possible course of action when money becomes unacceptable as a medium of exchange?

5. What is suppressed inflation?
 6. How can you characterise creeping inflation?
 7. How are the causes of inflation usually classified?
 8. How may demand inflation be defined?
 9. What is demand inflation usually associated with?
 10. When may a situation of excess demand arise?
 11. Why are exports inflationary?
 12. When may demand inflation develop?
- 6. Retell the text “Types of Inflation”. Matnni gapirib bering.**

UNIT 9. ECONOMIC POLICY



1. Read the following words .Quyidagi so‘zlarni o‘qing.

overall, macro-economics, micro-economics, analysis, whereas, emphasis, incompatible, eradicating, priorities, judgements, pursuit, immediate, appropriate, variables, purchasers, equilibrium, household, leakage, fortunately

2. Read and translate the following words. Quyidagi so‘z birikmalarini o‘qing va tarjima qiling:

a major responsibility, the wages of miners, the balance of payments, particular economic objectives, a matter of political decision, an equitable distribution, scale of priorities, appropriate measures, a fairly simple model, the circular flow, an offsetting expenditure

3. Memorize the following words and phrases. Quyidagi so‘z va so‘z birikmalarini eslab qoling

add (v.)- qoldirmoq, qo‘shmoq

adapt (v.)- qabul qilmoq

agreement (n.)- kelishuv

aim (n.)- maqsad

appropriate (adj.)- mos

assume (v.)- taxmin qilmoq

attain (v.)- erishmoq

balance of payment deficit-to'lov balansi defitsiti
branch (n.)- filial
choice (n.)- tanlov
circular (adj.)- dumaloq
deal with (v.)- bilan ish yuritish
equilibrium (n.)- muvozanat
equitable (adj.) –adolatli
eradicate (v.) - yo'q qilish
establish (v.)- o'rnatmoq
fairly (adv.)- yetarli
fortunately (adv.)- baxtga
fraction (n.)- ulush, qism
household (n.)- uy xo'jaligi
incompatible (adj.)- mos kelmaydigan
interest (n.)- foizlar (kapital bo'yicha)
leakage (n.)- qochqin
link (n.)- ulanish
loan (n.)- kredit
matter (n.)- muommo, masala
objective (n.)- maqsad
offset (v.)- o'rni qoplash
profit (n.)- foyda
purchaser (n.)- xaridor
pursuit (n.)- qidirish
receipt (n.)- naqd pul tushumlari
rent (n.)- ijara

Economic Policy

The overall performance of the economy is now generally accepted as a major responsibility of the government. That branch of economics which deals with the economy as a whole is known as macro-economics, while the study of the parts of the economy is known as micro-economics. Thus, the examination of the forces which determine the price of beef, or the wages of miners, or the size of the firm, would be an example of micro-economic analysis, whereas a study of the forces determining the general price level, or the general

level of wages, or the balance of payments would be classified as macro-economic analysis.

Economic analysis is concerned with the means of achieving particular economic objectives. The choice of the objective - how people want economic resources to be used in order to satisfy their wants — is a matter of political decision. While governments will differ in the emphasis they give to particular objectives and in the ways in which they try to achieve them, there seems to be broad general agreement on many aims. They are:

1. A high and stable level of employment.
2. Price stability.
3. A satisfactory balance of payments position.
4. An acceptable rate of economic growth.
5. An equitable distribution of income and wealth.

It is important to note that governments have found that some of these objectives may be incompatible. In order to achieve one goal governments have often been obliged to sacrifice another. Policies designed to bring about full employment have sometimes generated unacceptable levels of inflation; policies aimed at eradicating a balance of payments deficit have restricted the rate of economic growth, and so on. Policymakers, therefore, are obliged to establish some priorities. If the choice is, or seems to be, between a higher rate of inflation or a higher rate of unemployment, then the issue must be solved by the value judgements of the people concerned (i.e. through the political system).

The first task is to determine the objectives. The next task is to choose the instruments of policy to be used in pursuit of the objectives and these instruments are based upon some available range of measures. For example, the government might decide that its immediate objective is to reduce the level of unemployment. For this purpose it might choose to use the instruments of taxation and government spending. The particular measures adopted might be a reduction in income tax and an increase in public spending on housing and roads. But the essential link between the desired objective and the appropriate means of achieving it is economic analysis. The role of analysis is to provide some understanding of how the economic system works. We cannot choose the realistic objectives or design appropriate

measures for attaining those objectives unless we have some knowledge of how the economy works.

A model of the economy

The circular flow of income

In order to understand how the measures of economic policy operate on the macro-economic variables (prices, output, employment, the balance of payments and so on), we have to make use of a fairly simple model of the economy. We begin with an economy in which there is no government and no foreign trade. There are only two sectors, firms and households. Firms are the producing units which hire services provided by the people from the households. For these services firms pay wages (for labour), rent (for land), interest and dividends (for the services of loan and risk capital). There is, therefore, a flow of income from firms to households.

But in this model, households are also the purchasers of the national output. There is a flow of spending from households to firms and a flow of goods and services from firms to households. The economy would remain in equilibrium since firms are selling their goods at prices which are made up of their various costs (including profits), and these costs represent the incomes paid to households. Thus, incomes received by households are always sufficient to buy the total output of firms. We are assuming that the economy has unemployed resources so that any change in planned spending leads to changes in output and employment.

Leakages and injections

The model as it stands is very unrealistic because even in the simplest economy all the income received by households is not spent - some of it is saved. Saving represents a leakage from the circular flow of income because it is part of the income paid out by firms which is not returned to them through the spending of households. When saving takes place, firms' expenses will be greater than their receipts and some of their output will remain unsold. They will react by reducing output so that income and employment will fall. If we assume that households always save some fraction of their income and there are no other expenditures to offset this leakage, income must eventually fall to zero.

Fortunately there is an offsetting expenditure in the form of investment. Our first model of the economy assumed that firms only produced consumer goods and services which were in turn bought by households. In fact, some firms produce capital goods for sale to other firms. This expenditure on capital goods adds to the circular flow of income; it has the opposite effect to a leakage and causes output and income to expand. We can say, therefore, that investment is an injection.

1. Read and translate the text. Matnni o‘qing va tarjima qiling

2. Fill in the gaps using the following words. Bo‘shliqlarni quyidagi so‘zlar yordamida to‘ldiring.

matter, branch, objectives, priorities, income, circular, responsibility, appropriate, saving

1. The overall performance of the economy is now accepted as a major ... of the government.

2. This ... of economy is known as macro-economics.

3. Economic analysis is concerned with the means of achieving particular economic

4. Policy-makers are obliged to establish some scale of

5. The choice of the objectives is a ... of political decision.

6. We cannot design ... measures unless we have some knowledge of how the economy works.

7. Even in the simplest economy all the ... received by household is not spent.

8. ... represents a leakage from the ... flow of income.

3. Find synonyms among the following words. Quyidagi so‘zlar orasida sinonimlarni toping:

broad, overall, task, appropriate, attain, operate, purchase, receipt, expenditures, wide, purpose, total, corresponding, achieve, work, buy, revenue, expenses

4. Find antonyms among the following words. Quyidagi so‘zlar orasida antonimlarni toping:

always, save, opposite, general, high, widen, loss, leakage, simple, same, never, particular, spend, low, reduce, sophisticated, profit, injection

5. Make sentences using the following words. Quyidagi so‘zlardan foydalanib gaplar tuzing.

1. several, of, expenditure, consists, total, elements.
2. in, was, this, governments, policy, adopted, the, period, by, postwar, most
3. leakage, because, are, taxes, from, the, system, power, purchasing, they, remove.
4. injection, flow, the, are, exports, an, into, circular.
5. spending, forms, several, takes, government.
6. transfer, payments, directly, do, not, output, generate, income, and.

6. Fill in the blanks with prepositions. Bo'sh joylarni predloglar bilan to'ldiring.

1. The economy ... a country is affected ... political changes both at home and abroad.
2. Changes ... taste and fashion can influence the demands ... many consumer goods.
3. Such workers are especially liable ... to unemployment ... a rapidly changing world.
4. The loss ... job satisfaction, particularly ... manufacturing industries, is rising some serious social problems.
5. Most ... the larger firms offer training ... new entrants

7. Ask 10 different types of questions to the text.

8. Retell the text "Economy policy". Matnni gapirib bering.

UNIT 10. ECONOMIC GROWTH



1. Read the following words .Quyidagi so‘zlarni o‘qing.

environment, disproportionately, nevertheless, welfare, therefore, desirability, furthermore, revenues, cumulative, obvious, incentive, attainable

2. Read and translate the following words. Quyidagi so‘z birikmalarini o‘qing va tarjima qiling:

affluent societies, gross national product, excess capacity, utilization of resources, deplorable living conditions, a low expectancy of life, proportionate share of increment, in general usage, any valid comparisons, corresponding changes

3. Memorize the following words and phrases. Quyidagi so‘z va so‘z birikmalarini eslab qoling

achieve (v.)- yetmoq

affluent (adj.)- boy

attainable (adj.)- erishish mumkin

back-breaking toil- qaytish qiyin ish

calculation (n.)- hisoblash

comparison (v.)- taqqoslash

consumption (n.)- iste'mol

corresponding (adj.)- muvofiq, mos

cumulative (adj.)- nusxa ko‘chirilgan, to‘plangan

deplorable (adj.)- achinarli

escape (n.)- qutqarish

favour (v.)- yordam berish, qo‘llab-quvvatlash

furthermore (adv.)- bundan tashqari

Gross National Product- yalpi milliy mahsulot
increment (n.)- o'sish
insistent (adj.)- doimiy
leisure (n.)- bo'sh vaqt
misleading (adj.)- chalg'ituvchi
nevertheless (adv.)- ga qaramasdan
obvious (adj.)- aniq
point of view- nuqta'i nazar
rapid (adj.)- tez
resort (v.)- murojaat qilish (biror narsaga)
revenue (n.)- daromad
steadily (adv.)- doimiy ravishda
utilization (n.)- foydalanish
valid (adj.)- yaroqli
welfare (n.)- farovonlik
widen (v.)- kengaytirish

Economic Growth

Insistent demands for higher standards of living have put great pressures on governments to achieve faster rates of economic growth. In the more affluent societies there has been some reaction against the pressures for more rapid growth. Opponents of growth maintain that the costs of growth in terms of damage to the environment and the 'quality of life' are disproportionately high. Nevertheless, the demands for more consumption and more leisure are strong enough to make growth a major objective of economic policy.

The meaning of economic growth

In general usage, economic growth is taken to mean any increase in the Gross National Product, but for several reasons this is a rather misleading use of the term. First of all. GNP is measured in terms of money values so that inflation will increase the figure from one year to another. If we are to use the concept of growth to indicate changes in real income, the annual GNP figures must be corrected for price changes before any valid comparisons can be made. Secondly, changes in real GNP do not necessarily indicate corresponding changes in economic welfare. These are more accurately indicated by changes in real income per head so that changes in GNP should be related to

changes in population. We should also take account of the composition of total output when relating growth to living standards. A massive increase in defence spending would show up as a large increase in GNP, but it would be misleading to use this as an indication of an improvement in material living standards.

There is one further distinction to be made. When an economy is functioning with excess capacity, GNP may be increased by putting the unemployed resources to work. Economists do not usually describe an increase in GNP which arises from a fall in unemployment as economic growth because the extra output is a one-and-for-all gain. The problem of economic growth is how to increase output when all resources are fully employed; it refers, therefore, to an increase in the country's productive potential. This means that economic growth can only be measured between periods when the utilization of resources, or rates of unemployment, were very similar.

The desirability of economic growth

Growth is an important objective of economic policy because it is the key to higher standards of living. It is economical growth which has made it possible for millions of people to escape from the miseries of long hours of a backbreaking toil, deplorable living conditions, a low expectancy of life and other features of low income societies. Furthermore, people have come to expect economic growth - we expect our children to have a better life in the material sense) than we have had.

From the government's point of view, economic growth is desirable because it brings in increasing revenues from a given structure of tax rates. It means that more and better schools, hospitals, and other social services can be provided without resorting to the politically unpopular measure of raising the rates of taxation. Economic growth also makes it easier (politically) to carry out policies of income distribution which favour the less well off. If real income per head is increasing, a more than proportionate share of the increment can be allocated to lower income groups and a less than proportionate share to the higher income groups. No one need be worse off.

Of great importance is the cumulative nature of economic growth. We must use compound interest calculations to work out the longer

term effects of particular growth rates. For example, a country which maintains a growth rate of 3 percent per annum will achieve a doubling of real income in 24 years. It is this aspect of growth which explains why relatively small differences in national growth rates can, in a matter of 10 or 15 years, lead to large absolute differences in living standards. It also explains why the differences in real income between a rich country and a poor country can widen even when they are both experiencing the same rate of growth... A 3 percent increase on pound m. is a much greater increase in absolute terms than 3 percent on 1000 pounds.

1. Read and translate the text. Matnni o‘qing va tarjima qiling

2. Fill in the gaps using the following words. Bo‘shliqlarni quyidagi so‘zlar yordamida to‘ldiring.

incentives, output, objective, usage, values, increase, rates, resources, revenues

1. In general ... economic growth is taken to mean any... in the Gross National Product. 2. GNP is measured in terms of money

3. The problem of economic growth is how to increase ... when all ... are fully employed.

4. Growth is an important ... of economic policy.

5. Economic growth brings in increasing ... from a given structure of tax

6. The ... to increase capacity and output will clearly depend upon the level of aggregate demand.

3. Find synonyms among the following words. Quyidagi so‘zlar orasida sinonimlarni toping:

attain, desire, revenue, widen, merely, steadily, obvious, fast, affluent, damage, relate, deplorable, furthermore, rapid harm, connect, poor, rich, besides, wish, income, increase, only, constantly, achieve, evident.

4. Find antonyms among the following words. Quyidagi so‘zlar orasida antonimlarni toping:

opponent, growth, better, easy, less, wide, supporter, decline, worse, difficult, more, narrow.

5. Make sentences using the following words. Quyidagi so‘zlardan foydalanib gaplar tuzing.

1. personal, is, held, in, wealth, forms, many.

2. distributed, reasons, for, is, wealth, unequally, many.
3. people, generally, older, hold, younger, than, wealth, people, more, people.
4. now, part-time, make up, workers, a, quarter, almost, the, total, of, labour, employed, force.
5. investment, is, education, often, as, described, people, in.
6. growth, demands, expenditures, research, on, economic, large.
7. are, an, exports, injection, circular, the, into, flow.
8. imports, leakage, are, circular, the, flow, a, from.

6. Fill in the blanks with prepositions. Bo‘sh joylarni predloglar bilan to‘ldiring.

1. Much depends ... the type ... the investment being undertaken.
2. Increasing the amount ... capital per worker is known as 'capital depending' and this process should lead ... increasing labour productivity.
3. The extent ... which new capital is used efficiently is also an important consideration.
4. Changes ... output per head are very much influenced ... changes ... the distribution ... the labour force.
5. The lack ... these facilities provides a serious barrier... more rapid economic progress ... the developing countries.
6. As economic development takes place, there is a tendency ... secondary production and later ... the service industries.

7. Ask 10 different types of questions to the text.

8. Retell the text “Economy growth”. Matnni gapirib bering.

PART II

TEXTS FOR SUPPLEMENTARY READING

UNIFORM TASKS FOR TEXTS

1. Read the text and retell it.
2. Make up 10 questions to the text.
3. Make up an annotation to the text.
4. Find the key words from the text.
5. Write down the main idea of the text.

ECONOMICS AS A SOCIAL SCIENCE

Normative and positive statements

It may be useful to begin this section on the scientific approach by distinguishing between positive and normative statements. An understanding of the difference between these two types of statement will help us to appreciate the scope and limitations of economics.

Positive statements are those which deal only with facts. 'Britain is an island', 'British Coal employs x thousand workers', 'Jane Smith obtained a grade A in Economics', are all positive statements. If a disagreement arises over a positive statement it can be settled by looking to the facts and seeing whether or not they support the statement. Positive statements must be either true or false, where the word 'true' is taken to mean 'consistent with the facts'.

Normative statements usually include or imply the words 'ought' or 'should'. They reflect people's moral attitudes and are expressions of what some individual or group thinks ought to be done. "Britain should leave the Common Market", 'We ought to give more aid to underdeveloped countries', 'Income should be distributed more equally', are all normative statements. These statements are based on value judgements and express views of what is 'good' or 'bad', 'right' and 'wrong'. Unlike positive statements, normative statements cannot be verified by looking at the facts. Disagreements about such statements are usually settled by voting on them.

Scientific method

Scientific enquiry, as the term is generally understood, is confined to positive questions. It deals with those questions which can be verified or falsified by actual observations of the real world (i.e. by checking the facts).

One major objective of science is to develop theories. These are general statements or unifying principles which describe and explain the relationships between things we observe in the world around us. Theories are developed in an attempt to answer the question 'Why?'. Tides rise and fall at regular intervals of time, a city is afflicted by smog at certain times of the year, the price of strawberries falls sharply during the summer months. When some definite regular pattern is observed in the relationships between two or more things, and someone asks why this should be so, the search for a theory has begun.

In trying to produce an explanation of observed phenomena, scientific enquiry makes use of procedures which are common to all sciences. These procedures are called scientific method.

1. The first step is to define the concepts to be used in such a way that they can be measured. This is necessary if we are to test the theory against facts. If the task is to discover a relationship between 'income' and 'consumption', these terms must be defined in a clearly understood manner.

2. The next step is to formulate a hypothesis. This is a tentative untested statement which attempts to explain how one thing is related to another. For example, an economist asked to say why prices vary over time, might offer the hypothesis that changes in prices are caused by changes in the quantity of money. Hypotheses will be based on observation and upon certain assumptions about the way the world behaves. These assumptions may themselves be based upon existing theories which have proved to have a high degree of reliability. In economics, for example, many theories are based upon the assumption that people will behave in such a manner as to maximise their material welfare. Using observed facts and making use of certain assumptions, a process of logical reasoning leads to the formulation of a hypothesis. This must be framed in a manner which enables scientists to test its validity.

3. It is now necessary to think out what would happen if the hypothesis is correct. In other words, the hypothesis is used to make predictions (or the hypothesis itself may be framed as a prediction). If the hypothesis is correct, then if certain things are done, certain other things will happen. If the general level of prices is causally related to

the supply of money, we might deduce that an expansion of bank deposits would be followed by an increase in prices.

4. The hypothesis must now be tested - are the predictions of the hypothesis supported by the facts? In the natural sciences the testing of hypotheses can be carried out by controlled experiments in the laboratory, but this, as explained later, is not possible for the social scientist. If the hypothesis is supported by the factual evidence we have a successful theory which may be formulated in the form of a scientific 'law'. It must be noted, however, that, since the number of tests which can be carried out is limited, we can never say that a theory is true for all times and in all places. A successful theory is one which up to now has not been proved false. If, at some future time facts emerge which confound the theory and its predictions become unreliable, it will be discarded and a search for a better theory will begin. A successful theory is extremely useful because it helps us to predict with a high degree of probability the outcome of certain events.

Is economics a science?

Economic analysis is based upon the procedures described above, and, to the extent that the economist makes use of scientific method, economics may be described as a science. The subject matter of economics, however, is human behaviour and this is much more difficult to predict than the reactions of inanimate matter. Economists, like other social scientists, cannot achieve the precision of the natural scientists and they are denied the use of many of their techniques. Many people argue that these differences are so fundamental that economics cannot be regarded as a 'true' science. Others would say that the differences are not fundamental but merely differences in the degree of accuracy attainable.

The most obvious limitation experienced by the social scientist is that he cannot test his hypotheses by laboratory experiment. His laboratory is human society; he cannot put a group of human beings into a controlled situation and then see what happens. The predictions of economic theory must be tested against developments in the real world. Economic activities must be observed and recorded and the mass of resulting data subjected to statistical analysis. Modern statistical techniques help the economist determine the probability that certain events had certain causes. He can assess from recorded data,

for example, the probability that some given increase in consumption was caused by an increase in income.

The fact that 'all people are different' is not such a handicap to the social scientist as might appear at first sight. The economist is interested in group behaviour. He is concerned with the total demand for butter rather than the amount purchased by any one individual. While the behaviour of any one person may be unpredictable, this is not necessarily true of the large group. When Arsenal score a goal at Highbury we can predict with a high degree of certainty that there will be a roar from the crowd, although we cannot forecast how, this or that individual will react. The economist is able to make generalisations about economic group consumers, workers, shareholders) which are quite dependable guides to their expected behaviour.

Another problem facing economists is the complexity of the world they are studying - so many things are changing simultaneously. Natural scientists in their laboratories can "hold other things constant" while they study the effects which changes in X have on Y. Economists cannot do this. They cannot vary the quantity of money in the economy, hold everything else constant, and then see what happens. What they have to do is to assume that other things remain constant. Many propositions in economics begin with the phrase 'If other things remain equal' (or the Latin equivalent *ceteris paribus*).

From the vast array of facts observed, economists (and other scientists) must isolate those things which are important and study them in isolation. They have to abstract from reality in order to build a simplified model of a small part of the real world which will help them to see how things are related one to another. In fact, the influences surrounding real-life situations are so many and so varied that we cannot take them all into account. All that economists can do is to try to get close to the real world by extending their model to include more and more 'other influences' - but no one can construct or understand a model which includes everything.

What we are saying is that economic theories as such do not describe the real world as we see it. They attempt to show, one by one, the forces that operate within that real world. We proceed step by step from very simple models of economic reality to more and more

sophisticated ones, introducing at each stage more and more of the facts of life which we can observe and experience.

Why economists disagree

It is often said that economics cannot be a science because no two economists agree on any economic problem. This is an exaggeration, but it is certainly true that economists disagree. Disputes among economists often arise from problems of definition and from the inadequacy of statistical data. For example, the statement 'The unemployment rate in the USA is much higher than that in the UK' may be based upon the official figures issued by the authorities in these countries, but that does not mean that the statement cannot be disputed.

The numbers unemployed may refer to those people who actually register themselves as available for work, or it may represent all those who would take a job if one became available. This latter group would include a large number of people (c.g, married women) who do not normally register themselves as unemployed. In fact, the figures for the UK and the USA are collected on these very different bases so that official unemployment rates are not strictly comparable and the real differences between them may be disputed.

Although statistical information on economic affairs is now available to a far greater extent than ever before, there are still many deficiencies. Such information often takes a long time to become available in processed form, and often it is too late to be used in current analysis. It may often be presented in a form which is not very convenient for analysis, as the example above demonstrates. These deficiencies, therefore leave room for disagreement among economists.

Economics is a very young science, and although economic analysis has made great strides in recent years, there is still a great deal about the workings of the economic system which is imperfectly understood. There are many implications of existing theories which have not yet been tested, either because insufficient time has elapsed to provide adequate data, or because no one has found a satisfactory way of testing them. Technical and economic changes also bring about changes in economic behaviour so that assumptions about human behaviour which served as useful bases for predictions at one period of

time may become increasingly unreliable as the social and economic environment changes. Economists, then, will be in dispute over the adequacy of certain existing theories - but it is these very disputes which lead to improvements in existing theories and the development of new ones.

The main area of disagreement among economists is on matters of economic policy. This is exactly what one would expect because policy statements are normative statements. They are value judgements. The determination of policies lies in the province of politics; it is the politician's function to decide policy matters. The economist's role in policy making is to act as an adviser, using specialist knowledge to provide policy makers with an analysis of the likely economic effects of the policy proposals. The economist, as such, has no more right to decide policies than the lorry driver, the shop assistant, or the artist. We must recognise, however, that economists, like everyone else, will have their own personal viewpoints on what is 'best' and we must, therefore, expect them to disagree on policy questions such as the desirability of Britain's membership of the Common Market, or the likely effectiveness of an incomes policy. What we have to recognise, however, is that when economists pronounce on the desirability of any economic policy they have moved out of the field of economic analysis they are making a value judgement.

CLASSIFICATION OF COSTS

Costs as we all know are usually measured in monetary terms and include such items as wages, rent, rates, interest, and the amounts paid for raw materials, fuel, power, transport and so on.

Just as some inputs are fixed and others variable, so some costs are fixed and others variable.

Fixed costs

These are costs which do not vary as output varies. They are obviously the costs associated with the fixed factors of production, and include such items as rent, rates, insurance, interest on loans, and depreciation.

A major item in fixed costs, especially in capital - intensive industries, is the item known as depreciation. It may seem rather illogical

to classify depreciation charges as a fixed cost for many people will think that the rate of depreciation of a capital asset is directly related to the extent to which it is used (i.e. output). In fact the life of capital assets tends to be measured in economic rather than technical terms. Machinery depreciates even when even not in use and, even more important, it becomes obsolete. It is normal practice, therefore, to fix an annual depreciation charge which will write off the cost of equipment over some estimated working lifetime. There are many ways of doing this, but the simplest is to make an annual charge equal to a fixed proportion of the total value. If a machine costs 20 000 pounds and has an expected life of 5 years, then 4 000 pounds per annum will be added to costs and placed in a depreciation fund to cover the expenses of renewal.

Fixed costs (sometimes described as overhead or indirect costs) are not influenced by changes in output. Whether a firm is working at full capacity or half capacity the items of costs mentioned above will be unaffected. Thus, when a super-tanker is lying empty in port, or a Jumbo-jet is standing in the hanger, or your new car is locked away in the garage, costs are still being incurred.

Variable costs

These are the costs which are related directly to output. The most obvious items of variable costs are the wages of labour, the costs of raw materials, and fuel and power. Variable costs are often described as direct or prime costs.

Total costs

Total costs represent the sum of fixed and variable costs. When output is zero, total costs will be equal to fixed costs since variable costs will be zero. When production commences, total costs will begin rise as production increases, because there must be some increase in variable costs as output expands. What is important, however, is the rate at which total costs increase; if they are rising at a slower rate than output, average costs must be falling.

Average cost

Average cost (or cost per unit) is equal to total Costs/Output. When output is small, average cost will be spread over a small number of units of output. As output increases, average cost will tend to fall as each unit is carrying' a smaller element of fixed cost. Average cost will also fall because, for a time, there will be increasing returns to the variable factors as more of them are employed and more specialized methods adopted.

There will come a point, however, when diminishing returns are encountered and average cost begins to rise.

Marginal cost

The economist is interested in marginal quantities because most economic decisions involve changes in some existing situation. Marginal cost tells us what happens to total costs when we vary output by some small amount. More precisely, marginal cost is the extent to which total costs change when output is changed by one unit.

Since marginal cost is a measurement of changes in total cost it is obviously influenced by variable costs but not by fixed costs.

Summary

1. Total cost = Fixed costs + Variable cost
2. Average cost = Total costs / Total output
3. Marginal cost = Change in total cost when output is varied by one unit.

SPECIALISATION AND MOBILITY

Specialisation and Exchange

A system of specialised production, no matter how simple, cannot exist without exchange. When people become specialists they are dependent upon some system of exchange to provide them with the variety of goods and services required to satisfy their wants. Without some means of exchange, the farmers would have too much corn for their personal needs, but would have no coal, oil, electricity, or machinery. There must be some means whereby the outputs of specialist producers can be exchanged.

In addition to this need for a highly developed mechanism for carrying out exchanges, there is another important factor governing the degree of specialisation. The principle of the division of labour can only be applied extensively when there is a large market for a standardised product. Automatic and semiautomatic machinery and highly specialised workers are equipped to produce large outputs of identical products. Specialisation, therefore, is limited by the extent of the market.

Specialisation and the size of the market

The work of engineers and scientists continues to provide increasing scope for wider applications of the principle of the division of labour. The most striking evidence of this fact is the increasing use being made

of robots in mass production industries. These methods of production are only worthwhile if there is a market (i.e. a potential demand) large enough to keep this expensive capital equipment fully employed. The size of the market, therefore is an economic limit to the degree of specialisation.

On a more simple level, a person in a remote village could not earn a living by becoming a specialist cabinet maker or tailor. The size of the market would be too small to provide such a highly specialised worker with an adequate income. The great expansion in the size of markets for most consumer goods and services, made possible by rising real incomes, increasing populations and by improvements in transport and communications, has been a major factor in the development of specialisation in the methods of production.

Specialisation and economic change

We live in a world of specialists. Many people are trained for highly specialised roles in the economic system. Doctors, lawyers, accountants, physicists, chemists, surveyors, civil engineers -- the list of specialised occupations seems endless. All of these people may be extremely productive in their particular fields, but the fact that each of them concentrates on a narrow range of skills makes them occupationally immobile. They can do one thing very well, but they cannot do much else. A shortage of labour in one profession cannot be overcome by moving people from another profession; a chemist cannot do the work of an accountant.

But it is not only labour which is highly specialised. Capital equipment is usually designed for a specific task. A modern blast furnace is a very effective means of producing iron, but it cannot be used for any other purposes; a petrol tanker cannot carry coal, and a combine harvester cannot dig ditches. Much of our capital equipment, therefore, is also occupationally immobile.

These may be very obvious points but they have important economic implications. These are times of rapid economic change and economic progress depends very much on the community's ability to adapt quickly and smoothly to changes in consumer demand, in technology, in world trade, and so on. When economic resources are highly specialised (i.e. specific to a particular task), it may be extremely difficult to transfer such resources from one use to another. The mobility of the factors of

production is clearly an important economic problem. Let us now examine some of the causes of economic change.

Wars

Modern wars completely disrupt the economic life of a country. They increase the pace of economic and social change and in particular they speed up the rate of technological progress. Some industries undergo great expansion (e.g. chemicals, electronics, engineering), while many industries are forced to change the nature of their outputs. Large numbers of workers change their jobs and learn new skills. The structure of world trade is distorted and the pattern of exports and imports which develops after a major war is sometimes very different from that which existed before the war. The British economy has been particularly affected by export markets lost during wars (e.g. in cotton and coal). While the prosecution of the war itself calls for a high degree of mobility of labour and capital, so does the need to adjust to the very different economic situation which emerges after the war.

Population changes

Emigration, immigration and movements in birth and death rates bring about changes in both the size and age composition of the population. Such population changes call for changes in the allocation of resources to different industries. A rapidly increasing population will have a large proportion of younger people and there will be increasing demands for schools, school schoolteachers, and those commodities consumed mainly by the young. A declining population will have an increasing proportion of older people. There will be a decreasing demand for social capital such as houses and schools and increasing demands for those things which meet the needs of older people.

Technological changes

Man's ingenuity produces a constant stream of technological innovations, and these in turn call for new methods of production, new types of capital equipment and changes in the skills required of the labour force. A good example is provided by recent developments in the ports where the container revolution based on the use of new types of capital equipment demanded a new range of skills from the dockers.

Political changes

The economy of a country is affected by political changes both at home and abroad. Changes in the structure of taxation and in the volume and distribution of government spending are important instruments of

government policy which affect all sectors of the economy. Where industries are nationalised, the government, by varying the development programmes of these industries, can directly influence the allocation of resources. External political changes are also important, especially where a country is very dependent upon export markets.

Changes in taste and fashion

Changes in taste and fashion can influence the demands for most consumer goods to some extent, but they are particularly important to producers of such things as clothing, furniture, footwear, and domestic appliances. Advertising, of course, is a powerful agent in stimulating changes in demand of this type. Changes in income too play an important part. Rising incomes tend to bring about different patterns of consumption. A typical example would be the movement from public to private transport in recent years.

Occupational and geographical mobility

Changes in the character of the national output can only take place if the factors of production are mobile. There are two aspects of mobility: occupational and geographical

Occupational mobility concerns the movement of a factor of production from one occupation to another. Most of the examples considered so far have referred to occupational mobility.

Geographical mobility describes the movement of a factor from one location to another. This is an important matter when new industries establish themselves in locations different from those in which the older industries were established.

Land

Land, quite obviously, is not mobile in the geographical sense, but a great deal of land has a high degree of occupational mobility. In the UK, for example, a large proportion of the land has many alternative uses. It might be used for farmland, for roads, railways, airports, parks, residential housing, industrial development, and so on. Some of the land, for example, the mountainous areas, has an extremely limited degree of occupational mobility, being useful perhaps for sheep grazing, or as a centre for tourism.

Capital

Capital is mobile in both senses, although some types of capital are extremely immobile. Such things as railway networks, blast furnaces, and shipyards are virtually immobile in the geographical sense. It may be

physically possible to dismantle them and move them to different sites, but the cost of doing so will almost certainly outweigh any advantages of the new location.

Neither is such equipment mobile in the occupational sense; it can only be used for a specific purpose. Many buildings, however, can be effectively adapted to other uses. Many of the former cotton mills in Lancashire are now housing a variety of industrial activities. Some capital equipment is mobile both geographically and occupationally. Electric motors, machine tools, hand tools, and lorries, for example, can be used effectively in a wide variety of industries and are capable of movement from one location to another without great cost.

Labour

Theoretically we should expect labour to be the most mobile of the factors of production both occupationally and geographically. Economic history does indeed provide abundant evidence of great movements of labour from one industry to another and from one region to another. During the nineteenth century and the early years of this century, millions of people left Europe to settle in North America and in the British Dominions. In the second half of the nineteenth century there was the great westward movement in the United States, when large numbers of people left the eastern states to settle the interior and the western seaboard. The last quarter of the eighteenth century saw the beginnings of the great migration of the British people from the country to the town, a movement which is still taking place. More recent times have seen a large-scale movement of labour from the Mediterranean lands to the industrial nations in north-west Europe.

In spite of all this evidence of labour's mobility, we must bear in mind that most of these movements took place over fairly long periods of time, and in most cases there were severe political, economic, and social pressures stimulating the movements. There is plenty of evidence that labour is not very mobile geographically. Regions no more than 100 miles apart often record unemployment rates which are widely dissimilar. If labour had been geographically mobile such divergencies would surely have been greatly reduced.

Occupationally, too, labour is relatively immobile. The evidence here lies in the large differentials in salaries and wages as between different occupations. A high degree of occupational mobility would certainly lead to a much narrower range of differentials.

BARRIERS TO THE MOBILITY OF LABOUR

Geographical

1. *Monetary cost.* Moving a family together with all its possessions can be an expensive operation. In addition to removal costs it might well entail the numerous expenses involved in buying and selling a house. This latter aspect of mobility can be a deterrent to movements into areas where house prices are well above the national average (e.g. the London area).

2. *Housing shortages.* A housing shortage has been a feature of most economies since the war and this is undoubtedly the major barrier to geographical mobility. It is a particularly difficult problem in the case of rented accommodation; there is very little chance of a worker obtaining a rented house in a new area when virtually all local authorities have waiting lists for such houses.

3. *Social ties.* Many people are very reluctant to 'tear up their roots'. They do not wish to leave behind their friends and relatives and face the prospect of establishing new social relationships in a strange town. This is probably not such an important barrier for many professional groups where promotion often depends upon a movement to another town.

4. *Education.* Many families will tend to be immobile at certain stages of their children's education. They would regard it as inadvisable to move at some critical period in their child's schooling. This could also be a barrier if different parts of the country are operating different systems of education.

Occupational

1. *Natural ability.* People differ in natural ability and some occupations require a high level of intelligence, or particular natural aptitudes which are only possessed by a certain proportion of the population. For this reason surgeons, physicists, mathematicians, designers, and entertainers form a relatively small proportion of the population.

2. *Training.* The prevailing system of apprenticeship in many trades is geared to the training of people between the ages of 16 and 21 years. This tends to make it difficult for an older man to learn a new trade, especially when fully skilled status is only granted to those who have served the recognized period of apprenticeship.

Many professions demand a very long period of education and training (e.g. doctors, architects). In spite of the government aid in the form of training grants, such extended periods still require considerable financial sacrifice by the student and his family. The length of the training period itself may prove a deterrent to some people.

3. *Capital.* A certain amount of capital is required in order to enter some occupations. In order to establish oneself as an entrepreneur in the retail trade or some other form of one-person business (e.g. jobbing builder, or hairdresser), capital is needed to purchase the necessary stock and equipment. The purchase of a practice or partnership may be necessary if one wishes to become established as a solicitor, accountant, or estate agent. These requirements will constitute a financial barrier to many prospective entrants.

4. *Class.* It is held by many people that the existing class structure is responsible for some restrictions on the occupational mobility of labour. A particular type of social background with an education at one of the more famous public schools provide, it is believed, definite advantages in certain fields of employment.

Policies to assist mobility

The barriers to geographical mobility are quite formidable, and while the UK government does provide financial assistance towards the cost of removal for unemployed workers, it has tended to deal with the problem of regional unemployment by 'moving work to the workers'. Many employers anxious to attract workers from other areas offer assistance with removal costs and sometimes provide accommodation.

One problem may be lack of knowledge; employers may not be fully-informed of the potential labour supply and workers may be ignorant of certain job opportunities. The UK government has recently embarked upon a major programme to extend and improve its information services in this area. The older and rather forbidding Employment Exchanges are being replaced by modern and attractive Job Centres which, it is hoped, will encourage both employers and job-seekers to use the facilities provided by the state. There are, of course, a number of privately operated employment agencies, and employers also make great use of the local press as a means of recruiting labour.

A most important feature of official policy on the occupational mobility of labour is the provision of Retraining Centres (currently known as Skill Centres) where workers can learn new skills.

The UK has about 60 such centres and is in the process of opening more of them. It is important, of course that adequate financial assistance is available to those people attending retraining centres since many of them will be older workers with family responsibilities. Since these are the people who are bearing the main burdens of economic change, it seems reasonable that the state should provide the necessary means to facilitate the redeployment of labour.

Other aids to mobility take the form of redundancy payments and Job Search and employment transfer schemes. The purpose of these schemes is to remove or reduce the financial hardship which a change of job often entails. The need for mobility shows itself when economic changes make people redundant and organised labour will usually resist such redundancies. Such resistance is perfectly understandable - no one likes to be told that his or her skill is no longer required. The provision of adequate financial assistance during the period when a worker is seeking a new job, or undergoing retraining is one way of helping to reduce the resistance to the redeployment of labour.

Industry itself plays an important part. Most of the larger firms offer training to new entrants. Increased mechanisation and the greater use of automatic and semi-automatic machinery has tended to reduce the problem of immobility. There are now far more jobs of a semiskilled nature which call for no more than a few weeks training.

Labour turnover

While a measure of mobility in the labour force is essential, too much mobility is inefficient and costly. It appears that a great deal of the mobility which does take place is not of the type which leads to a more efficient distribution of the labour force. Studies of particular industrial regions have revealed that very large movements of workers into and out of certain industries are taking place while the totals employed in those industries remain relatively unchanged. Labour turnover, as this movement is called, often represents an aimless wandering from job to job - a restless movement of workers seeking a change rather than advancement to a better paid or more suitable situation. It is due in some part to the lack of job satisfaction referred

to earlier although inadequate selection procedures may also be a cause,

A high degree of labour turnover is costly because each time an operative leaves his job and a replacement is required the employer incurs costs in the form of (a) a fall in output, (b) the costs of training a new worker, and (c) the loss of a skilled operative's output while he trains the new entrant.

The entrepreneur

The most mobile of the factors of production is probably the entrepreneur. While labour tends to be trained for some special task appropriate to some particular industry, the basic functions of the entrepreneur are common to all industries. Whatever the type of economic activity there will be a need to raise capital, to organise the factors of production, and to take the fundamental decisions on where, what, and how to produce. The creation of an efficient unit of production is a task of human relations the basic features of which are common to all industries. It requires qualities of initiative, leadership, organisation, and control. The relatively few people of first-class ability who possess such qualities are able to operate effectively in almost any industry.

COOPERATIVES AND THE PUBLIC CORPORATION

There are basically two forms of cooperative enterprises, one which operates on the basis of worker control and one on the basis of consumer control. The second type has been much more successful in the UK than the first type.

Producer cooperatives

The idea of workers establishing their own production units, raising the capital by their own efforts, electing the management from their own ranks, sharing the profits according to some agreed formula, and sharing power on the basis of one member, one vote, is quite an old one. In the UK at the turn of the century there were some 200 such workercontrolled enterprises strongly supported by the cooperative retail societies which purchased much of their output. Most of the survivors were in printing, clothing, and footwear.

In more recent years there has been a strong revival and many new cooperatives have been formed. Some of these newer worker cooperatives differ in several respects from earlier experiments. They have sometimes been launched with government money and have been established as a result of workers' refusal (shown by 'sit-ins') to accept management's view that the firm is not a viable enterprise and should be closed down. Several of these cooperatives have been registered under the Companies Acts instead of the Industrial and Provident Societies Acts, as were the older cooperatives. The government established a special agency to help worker cooperatives with technical advice and expertise.

This type of business organisation has proved very successful in Danish agriculture and is being widely adopted in the agricultural sectors of developing countries. France has about 500 producer-cooperatives employing some 30 000 people, about half of them in the building trades. In Spain there are some 1 300 such cooperatives employing about 50 000 people. The directory of the Cooperative Development Agency indicated that, there were some 1 500 worker or producer cooperatives in the UK.

Consumer cooperatives

Cooperative enterprise in the retail trade began in Rochdale in 1844, when a group of low-paid weavers opened their own very small retail shop. From these humble beginnings the movement has grown to become one of the largest retail organisations in the UK.

The basic principles on which the movement was founded were:

(a) the society should be owned by the customers, i.e. by those customers who purchased at least one share;

(b) the profits should be distributed according to the value of a member's purchases (these payments were made quarterly, and were known as dividends);

(c) the society should be democratically controlled on the basis of 'one member, one vote'.

These principles are still the basis of the modern cooperative societies. The members of each society elect a management committee (usually part-timers) which is responsible for the general

policy, but the day-to-day operations are in the hands of full-time salaried officials appointed by the management committee. '

In the early years, the regular payments of dividends were an important inducement to become a member of a cooperative society. Many societies, however, no longer make these payments, but their members are usually entitled to 'special offers' at frequent intervals.

For many years the movement was made up of a large number of local cooperative societies. This situation has now changed, and a long series of mergers has reduced the number of societies from more than 1 000 to about 200. The cooperative societies have been forced to merge themselves into larger units in order to obtain the economies of scale which will enable them to compete with the very large retail organisations which have developed in recent years.

The Coops have about 6 per cent of the retail trade and about 15 per cent of the grocery trade, and they supply about one-third of the country's milk.

The needs of the retail societies are largely met by the Cooperative Wholesale Society which is now Britain's tenth largest business. It is collectively owned by the retail societies. The CWS is a large-scale importer and manufacturer and also operates a very large banking and insurance business. It is also Britain's largest farmer. The CWS manufacturing and other industrial operations are not run on the basis of worker ownership and control - they are controlled by the retail societies.

After losing ground to the multiples, the Coops, in recent years, have adopted a much more competitive approach with large-scale national advertising, the development of hypermarkets, the replacement of a multiplicity of brand names with the single Coop label, and the appointment of high quality management staff. The merger movement in bringing about larger and more efficient units has undoubtedly been successful, but the movement appears to be finding it difficult to reconcile the objective of efficient larger-scale operation with the traditional image of a local retail democracy. Cooperative societies started as working class movements and the loyalty of the working class was a very important feature of their early success. To the lower paid, the Coop dividend was a useful

form of saving and this too played its part in establishing a loyal clientele. These things may not be so important nowadays as the cooperative societies seek to widen their markets, but the movement still retains important social and political objectives. It seeks the extension of worker and consumer control both through its own activities and in supporting political movements which advocate these principles.

The public corporation

In recent years whenever the state has decided to transfer the ownership of an industry from the private sector to the public sector, the public corporation has been the type of business organisation adopted for the purpose of running the industry. Some of these public corporations have been in existence for many years. Most of the larger public corporations, however, date from the period of the Labour government, when several important industries were nationalised. We shall discuss the question of nationalisation later; here we are only concerned with the type of business organisation which has been adopted to control and organise nationalised industries.

The public corporation is a separate legal identity like the company, but there are no private shareholders. The government owns the capital and appoints the members of the controlling Board who have functions very similar to directors except that they are answerable to the government and not to shareholders. In general, the policy to be pursued by a public corporation is determined by the government and a Minister of the Crown is usually given the responsibility for seeing that the corporation is acting within the broad policy requirements laid down by Parliament

In its day-to-day management, however, the controlling board is given wide freedom of action. When commercial enterprises were brought under public ownership it was felt that the direct control by Parliament, as is the case with government departments such as health, education, pensions and so on, was not appropriate for enterprises where uncertainty and risk-taking called for quick decisions of a strictly commercial nature. The public corporation, therefore, is an attempt to obtain a satisfactory compromise between

public responsibility and commercial efficiency. Parliament does not interfere in the day-to-day management of the public corporation.

The main purpose of the public corporation is to provide an efficient public service at a reasonable price. It does not aim to maximise its profits, but it is charged with the duty of paying its way. Any profits made by a public corporation must be used for capital investment, the lowering of prices, the raising of wages, or transferred to the Exchequer. Such losses as have been made by public corporations have been financed by government loans.

In contrasting the joint stock company and the public corporation the following features should be noted.

1. *Control.* The joint stock company is controlled by a board of directors elected by the shareholders, whereas the public corporation is controlled by a board appointed by the state.

2. *Ownership.* A joint stock company is owned by the shareholders, but there are no shareholders in the public corporation which is owned by the state.

3. *Finance.* A joint stock company raises its capital by the issue of shares to the general public, but, at the present time, the public corporations obtain most of their capital requirements direct from the Exchequer.

4. *Motives.* While the joint stock company exists primarily for the purpose of making profits, the aim of the public corporation is to act in the public interest and to cover its costs.

THE LOCATION OF INDUSTRY

Natural Advantages

One of the fundamental decisions to be taken by entrepreneurs concerns the geographical location of their enterprises. They have not only to decide 'How to produce' and 'What to produce' but 'Where to produce'. We must now consider the various influences which bear upon this decision. The great importance of this particular aspect of economic activity is evidenced by the fact that the distribution of industry has now become a major feature of government economic policy.

From the entrepreneur's viewpoint the major determinant of location will be the private costs associated with different locations. There are usually several locations where it would be possible for the firm to operate and the entrepreneur will tend to choose that which minimises the cost of production. Even so the firm, in deciding where to produce, will generally be faced with a rather difficult problem for its needs as a producer might conflict with its needs as a seller. One location might provide an excellent site in relation to the source of raw materials but another might be much more favourable in relation to the firm's markets. The final decision will rest upon some calculation of the maximum net advantages of alternative sites.

Transport costs

In the early days of industrialisation the great localising factors were the proximities to raw materials and power. The first factories were dependent upon water power and were sited on the banks of fastflowing streams. Arkwright built his mill on the banks of such a stream at Cromford. The introduction of steam power moved industrial activity to the coalfields. Coal became the prime source of energy and since, in these early years, transport facilities were primitive and costly, any locations other than coalfield sites were hopelessly uneconomic. All the basic industries in Britain - cotton, wool, iron, and steel - became established on or near coalfields.

Iron and coal were found in close proximity in many areas, as were clay and coal. Hence, the iron and steel industry, the pottery industry, and brick-making all came to be established on coalfields. Industries highly dependent upon imported raw materials tended to be located on coastal sites, especially where coal was also available (e.g. South Wales, North West England, and North East England.)

The sources of raw materials and power no longer exert such a strong geographical pull on industry. The electricity grid and the gas and oil pipe lines have made the newer sources of power available in all parts of the country. In addition great improvements in transport have cheapened the movement of raw materials and finished products. Nevertheless the location of raw materials where they happen to be particularly bulky still has some influence on industrial location. Where the industrial process is bulk reducing there is a strong incentive to carry out the processing at the source of the basic material. The iron and steel industry built plants on the Lincolnshire and Northamptonshire ore deposits. This was because British ore has a very low iron content, and technical progress, in this industry, has led to great economies in the fuels used for heating purposes. The sugar beet processing plants are located on or near the beet fields, since the yield of sugar is very low in relation to the weight and volume of the beet. Chemical plants are located on the salt beds of Cheshire and South Lancashire for similar reasons.

Markets

When the process is bulk increasing the pull of the market will be very strong since transport costs will be much less for locations near to the market. Thus, we find much of the furniture industry and the manufacture of domestic appliances such as refrigerators and washing machines located near to the great centres of population in the South East and the Midlands.

Brewers and bakers produce commodities which are of low value in relation to their bulk so that these activities tend to be carried out fairly close to their markets. Proximity to the market may also be an important consideration where the product is durable and requires an efficient after-sales service.

The significance of these arguments depends upon the ratio of transport costs to total costs. Generally speaking this ratio has tended to decline in the UK. The industrial structure has been changing and a much greater proportion of total output is now made up of lighter, easily transportable products, while the role of the heavy industries where transport costs are relatively high has been declining. Added to this we have the facts that the UK is a small country and there have been major improvements in transport. For many industries it seems that transport costs may no longer be an important determinant of location.

Labour

The availability of labour is an essential requirement for economic activity, and when an industry is dependent upon particular labour skills, local supplies of such skills will exert a great influence upon the location decision. More important though is the general availability of labour since, for many modern industries, the bulk of the labour force can be quickly trained. Where there is a high national level of employment but significant variations as between regions, those areas with surplus labour will tend to attract firms which are unable to expand in areas where there are labour shortages.

Since we are concerned with the relative costs of operating in different locations any regional variations in labour costs will also influence location decisions. In a small country like the UK where there are strong trade unions, one would not expect to find any very great differences in regional wage rates, but, in areas of labour shortage, firms may be obliged to pay well above the agreed minimum wage rates.

Physical features and accessibility

For some industries the physical features of the site are of prime importance in deciding location. Industries producing steel, rayon, paper, and chemicals require very large quantities of water and tend to be found near rivers. The atomic power stations are all located on estuaries because of the vast quantities of water required for cooling purposes. Certain industries have serious problems of waste disposal, especially the chemical-based industries, and, again, they are usually located on river-bank sites. The problem of dust control has made it necessary to site cement works in fairly remote locations.

The accessibility of the site is an important factor. Before the development of efficient road transport, proximity to the railway network was an essential requirement for any large-scale enterprise. This is no longer the case since the overwhelming proportion of passenger and freight traffic now uses the road network and proximity to the new motorways has become an important localising factor.

The economic factors which have a bearing on location decisions do not provide a comprehensive explanation for the sitting of a great deal of British industry. A general survey of the causes which have influenced location in the past gives the impression that their operation was frequently unknown or imperfectly understood by the original producers. In fact, many decisions on location seem to be haphazard or based purely

on personal considerations. An important factor has been the local ties of the entrepreneur. He has tended to set up business where he is known and has useful local contacts and where he is more likely to raise finance from associates and local banks. Lord Nuffield established a motor car industry in his native Oxford; the Rowntree factory in York, and Pilkington's glassworks at St Helens are other examples of large industrial developments in the home towns of their founders. Nevertheless we cannot dismiss the economic factors. The success of such enterprises indicates that the locations must have had some favourable features. There is also the point that transport and labour costs have become relatively less important as far as many industries are concerned, or they do not vary significantly as between different regions, so that entrepreneurs are able to give more weight to personal preferences.

Acquired advantages

Once an industry has become localised the economic advantages of the situation in relation to other areas tend to increase. It is these acquired advantages of existing centres of industry which tend to exert the greatest influence on location decisions. These economies of concentration, as they are sometimes called, gradually develop and persist long after the initial localising factors have disappeared from the scene. The availability of local clays and coal was a major factor in the establishment of a pottery industry in Stoke-on-Trent, but this industry has for a long time been completely dependent on clay transported from Cornwall and the industrial heating is now supplied by gas and electricity. The industry, however, remains very heavily concentrated in the same area, because of the very important external economies of scale available to pottery firms.

GOVERNMENT AND INDUSTRY

In Unit 2 we saw that the typical economic system in the noncommunist world is the mixed economy, so called because it contains elements of both private and public enterprise together with some measure of government control over the activities of the private sector. The UK provides a good example of a mixed economy although the industrialised nations of Western Europe and North America are also typical.

In these countries the government have accepted responsibilities in relation to the maintenance of full employment, the movement of prices, the balance of payments situation, and the rate of economic growth. It is these responsibilities which oblige governments to play an important part in determining the pattern and direction of economic activity.

In the UK, as far as industry is concerned, state intervention is quite extensive and has many strands. It is extremely difficult to classify all the elements of government policy towards industry, and all we can do at this level is to provide some very broad groupings.

Government and the behaviour of firms

Some of the government's measures may be seen as attempts to make the market mechanism work more efficiently by providing a framework of regulations aimed at encouraging a more competitive market structure and at preventing dishonesty in commercial dealings. Others are designed to protect groups which have relatively weak bargaining positions.

A series of Companies Acts regulate the formation, structure, and organisation of joint stock companies. They also require companies to make public certain information about their finances and operations so that people dealing with them should not be misled. The laws relating to Monopolies and Restrictive Practices are designed to secure a more equitable balance of market forces so that individual firms or groups of firms cannot (or do not) exercise undue market power.

In the UK, firms are subject to many statutory controls which are intended to protect the interest of groups of people which might, in a free market, be vulnerable to "unfair" exploitation. Thus, we have legislation regulating the working conditions in factories, shops and

offices, and there are statutory Wages Councils which determine wages in occupations where union organisation has been particularly weak. The Fair Trading Act has the objective of providing protection for the consumer in his dealings with suppliers of goods and services. There are laws which give the purchaser the chance to have second thoughts about any hire purchase agreement he may have signed. The Trade Descriptions Act 1968 imposes strict controls on the claims a firm may make in advertising its product. Other regulations control the ingredients of processed food and patent medicines. There are many other examples of this type of regulation

What we are now witnessing in many capitalist countries is a fundamental change in the traditional attitudes towards private enterprise. The generally accepted view, and, indeed, the underlying assumption of much of economic theory, has been that the main function of the firm is to earn maximum profits for its shareholders. Increasing political pressure is now obliging governments to ensure that the firm exercises much wider responsibilities. While the rights of shareholders to profits is generally upheld, the rights of employees, customers, and the general public must be given far more weight in the management decisions taken within the firm.

Government and industrial efficiency

Widespread dissatisfaction with the rate of economic growth has meant that governments have paid increasing attention to the performance of British industry. As far as the private sector is concerned, policies to improve industrial efficiency are mainly confined to financial inducements and exhortation. The emphasis has been on investment (the installation of new capital equipment) and research. Attempts to stimulate investment in private industry have taken the form of investment grants (the government contributes directly to the cost) and various tax concessions on investment expenditures.

Economic growth demands large expenditures on research and development, but this involves great risks, especially in the development stage. The development of the industrial process may cost ten or twenty times as much as the original research. Developing an airliner, for example, costs more than 1 billion and the same is true of its engine. These costs will take more than 12 years to recover. It is

most unlikely that this type of research and development would be undertaken in the UK without state subsidies.

The government also operates its own research and development institutions, and several government agencies exist to offer advice and help to firms introducing new technology (i.e. for innovation). In recent years the government has provided financial assistance towards the costs of developments in micro-electronics, office automation, computeraided design, robots and aerospace. Financial support for innovation is available for all firms, both large and small.

It is believed that the UK's economic growth and ability to compete in world markets depends very much on the existence of a skilled and adaptable labour force. Several sectors of industry were reporting serious shortages of particular types of skilled labour. This was one of several indications that the UK's training effort was lagging behind those of some other industrialised countries. The government has responded to this problem by greatly extending the facilities for training. There are now several government-financed schemes to train young people, to train those who are employed and who wish to change their jobs, and to train redundant and unemployed workers. Most of these schemes are operated by the Manpower Services Commission. In addition, schemes have been prepared which will introduce more work-related education and training into schools.

The government takes an interest in industrial performance in many other ways. It has played a leading role in the development of management education and took the initiative in setting up the British Institute of Management. It provides a wide range of services to assist exporters most notably with the Export Credits Guarantee Department which, by providing a kind of insurance against the possibility of default by overseas buyers, reduces the risks attached to trading overseas.

Many authorities hold the view that the relatively slow growth of productivity in British industry was at least partly due to constant changes in government economic policy which, by creating uncertainty, made firms very cautious about embarking on expensive longrun modernisation programmes. It established the National Economic Development Council with members drawn from the trade unions, the employers, and the government. Its task is to propose

measures which would remove obstacles to economic growth and improve Britain's economic performance. Its proposals aim to provide some basis for the government's economic policies, and the setting out of its findings, it is hoped, will encourage industry to frame appropriate development plans. The NEDC indicates desirable policies; it has no executive powers.

Government and industrial structure

Changes in the structure of industry may be considered necessary to arrest the decline of an industry, to speed up the movement of resources into a new technology (e.g. micro electronics), to change the geographical distribution of industry, or to improve the performance of exporting or import-saving industries. These changes may well come about without any intervention by the government. Market forces, if left to themselves, will bring about changes in the structure of industry. Competition between firms will lead to the elimination of firms which are unable, or too slow, to change their products and their methods of production. But, the government may believe that, in some cases, market forces will bring about the changes either too slowly or too painfully. For example, there could be heavy social costs in the form of bankruptcies and unemployment as some firms and industries decline and others expand.

In the post-war period governments have found it necessary to supply large amounts of public money to assist industries and firms facing severe foreign competition or decline, for example in the coal, steel, shipbuilding and vehicle manufacturing industries. This help has often been given on condition that the individual firms carry out major changes in their organisation so as to improve their efficiency.

It was the fear that Britain was lagging behind her major competitors which encouraged governments to offer financial incentives for firms to move into high technology electronics and communications industries and 'information technology'. The decline of employment in manufacturing industry has obliged the government to offer more financial assistance to service industries. It is hoped that an increase in employment in these industries will offset the contraction in employment in manufacturing.

The government also sees the small-firm sector as a major source of new jobs and has introduced many schemes to encourage the setting up and development of small firms.

There are two particularly important features of industrial policy which aim to influence the structure of industry:

(a) measures to bring about changes in the location of industry, and

(b) measures to increase or decrease the extent to which industry is publicly owned, i.e. nationalisation and privatisation.

Government and the location of industry (regional policies)

Reasons for state intervention

The purely economic factors discussed in the previous chapter are rarely the sole determinant of industrial location. In most countries the government has a large say in the geographical location of any 'medium-sized or large-scale new enterprise. There are two main reasons why the government has taken powers to influence the geographical distribution of industry.

The first of these, and the one which originally prompted governments to take action, was the fact that serious differences in regional unemployment rates developed in the period between the two World Wars.

Another reason for government intervention is the fact that a firm's choice of location often involves important social costs which are borne by the community rather than the firm. Firms will tend to choose locations which offer the best prospects of profitable production when private costs and private benefits are taken into account. The locations chosen, however, might increase congestion in an area and lead to increased public expenditure on roads, houses, schools, etc. as people move to take up the jobs which have been created. It may be the case that similar social capital is being underutilised in other areas. Firms will tend to be attracted to prosperous areas while other areas may have relatively high unemployment rates.

The nature of the problem

In the UK the problem of regional unemployment arises from the localisation of the major industries which provided the basis for industrial development in the nineteenth century. Since the First World

War several of these basic industries have experienced a serious decline in their home and overseas markets. Thus coal, cotton, and shipbuilding declined because overseas buyers developed their own industries, or major new competitors appeared in foreign markets (e.g. Japan), or because technological progress produced new and superior substitutes (e.g. oil for coal), or new techniques which led to a massive replacement of labour by capital (e.g. coal and steel). These industries happen to be heavily concentrated in areas such as Lancashire, South Wales, Clydeside, North East, and North West England,

We live in a world of change so that at any moment of time there will always be some industries in decline, but others will be growing. A declining industry, therefore, would present no serious economic problems if labour and capital were extremely mobile; resources could move from declining to expanding industries. Unfortunately the newer industries which have developed during the twentieth century (e.g. motor vehicles, electrical appliances, radio and television, and food processing) have tended to prefer locations away from the traditional industrial centres. The attraction for these mainly consumer goods industries have been the large markets in the Midlands, London, and the South East. Given the serious barriers to the mobility of labour discussed earlier the result has been a difficult and persistent regional imbalance in the labour market.

Regional policies

Faced with the problems outlined above governments have placed regional policies high on their list of priorities. Regional policy is a twentieth-century development designed to deal with three basic problems.

1. An excessive concentration of people in particular towns and cities.
2. Areas dominated by older declining industries.
3. Regions depressed due to a dependence on lowincome extractive industries such as agriculture, forestry, and fishing. .

In the UK the major problem is the second one, but the problems of London and the South East Lancashire and Midland conurbations provide examples of the first type, while the Scottish Highlands and the South West peninsula provide examples of the third type.

The main effects of an uneven regional distribution of unemployment are:

(a) The unemployment in the less prosperous areas represents a serious waste of economic resources and national income is lower than it might otherwise be.

(b) The drift of population to the more prosperous areas leads to housing shortages and general overcrowding in these areas and there will be added social costs incurred in trying to overcome the problems of the overcrowded areas. In other regions community life might be damaged by the loss of population and the distortion of the age composition (since younger persons are the ones most likely to move). In addition there may be social costs in the form of underutilised social capital.

(c) When the total demand for goods and services is running at a high level, there is excess demand for labour (and other factors) in the prosperous areas giving rise to upward pressures on incomes and other prices. Inflationary pressures are generated while manpower resources are underutilised elsewhere.

Regional policy measures fall into three main groups:

1. Development of the infrastructure of the depressed areas by improving roads, railways, and airports, increasing the availability of fuel and power, and providing the necessary social capital and amenities.

2. Schemes to improve the occupational and geographical mobility of labour so that workers can move more readily to the new jobs provided by firms moving into areas with surplus labour.

3. Measures to stimulate industrial expansion and diversification in selected areas together with restrictions on expansion in more prosperous or overcrowded regions.

Regional policy in the UK

A series of Distribution of Industry, and Local Employment Acts has brought into being a wide range of policy instruments for dealing with the regional problems. The more important aspects of government policy are designed to 'take work to the workers' rather than 'taking workers to the work'. The reasons for this concentration on moving firms to areas with surplus labour are based upon the geographical

immobilities of labour and the problems associated with large movements of population which have already been discussed.

Regional policy was designed to attract new investment in manufacturing industry from areas where unemployment was low to areas where unemployment was high. The principal measures used for this purpose were:

(a) subsidies to manufacturing firms which located their new plants in areas with high rates of unemployment, and

(b) strict controls on the location of new plants in the more prosperous areas - it was very difficult to get planning permission for new factories in these areas.

Assisted areas

Certain regions of the UK have been designated as qualifying for special government aid. Although the level of unemployment is the main determinant of an area's status as an assisted area, regional variations in income per head, in the state of the infrastructure, and in the general economic and social environment are also taken into account.

Development areas

These are located around the older industrial areas of Glasgow, Liverpool, Newcastle and South Wales. Remote areas of Cornwall and small areas severely affected by closures of steelworks, such as Corby, are also classified as development areas.

Intermediate areas

These are regions suffering from similar, but less acute, problems to those of the development areas. Intermediate areas mostly adjoin the development areas but also take in remote parts of the country, such as the Scottish Highlands as well as parts of North Wales. Parts of the Manchester conurbation being classified as intermediate areas.

In 1987 the assisted areas covered about 35 per cent of the working population of Great Britain.

Policy measures

Important changes were made in the ways in which government financial assistance is made available to firms in assisted areas. Before this date, much of the financial assistance took the form of automatic investment grants equal to some fixed percentage of a firm's capital outlay. These grants were attractive to capital-intensive industries, for

example the oil and chemical industries, which meant that large outlays by the government often succeeded in creating relatively few jobs. It has been estimated that regional policy in terms of jobs created was about £40 000 per job .

Policy changes were designed to target financial aid much more closely to job creation. It was also decided to make more financial aid available to service industries, which tend to be more labour-intensive.

Types of aid

Regional Development Grants (RDGs). These are only available to firms in development areas. The amount of the grant is calculated in two ways:

- (a) at 15 per cent of the capital expenditure, subject to a maximum of £ 10 000 for each new job created, or
- (b) £3 000 for each new job created.

Companies automatically get whichever amount proves the bigger. Service industries now qualify for RDGs.

Regional Selective Assistance. This form of aid is available in development areas and intermediate areas. Both manufacturing and service industries qualify for selective assistance. The amount of aid is calculated as the minimum assistance needed to persuade a firm to undertake a project which will either create new jobs or preserve existing jobs. Financial aid will only be provided if it can be demonstrated that the project would not go ahead without government assistance. Two types of grant are available under this scheme:

- (a) project grants, which are based on the capital costs of the project or on the number of jobs created, and
- (b) training grants, which are based on the costs of the additional training required as a result of the new investment.

Other forms of aid. Firms moving to assisted areas can obtain financial aid from the government to help with the costs of moving key workers to the new location. The government also builds factories in the assisted areas and makes them available on very favourable terms (e.g. rent free for a limited period).

The European Community's Regional Fund has also provided substantial sums of money in the form of grants to promote economic development in the assisted areas.

Mobility

An important part of regional policy consists of government measures to assist the mobility of labour so that workers can move more easily to the new jobs created by the other measures. In addition to the training grants paid to firms creating jobs in development areas, the government has established and is establishing more) government training centres (GTCs) where redundant workers can learn new skills. Training grants are payable to workers who attend these courses. This programme of retraining together with the Redundancy Payments Scheme should, it is hoped, greatly increase the occupational mobility of labour. There are also schemes offering financial assistance to workers seeking to move to work in other areas. Travelling expenses, lodging allowances, and assistance with removal expenses may be provided by the Department of Employment.

Another aspect of regional policy in the UK has been the creation of the New Towns. About 20 new towns have been built and some other towns have been greatly enlarged under the same policy. The principal objective has been to reduce the congestion in the large conurbations (several of the towns have been created to take 'overspill' population from London and Birmingham), but others have been established in development areas in attempts to generate growth points.

Enterprise zones

The government announced plans for dealing with the serious problems of decline and decay in the centres of several large industrial cities. Demolition of slums and older industrial and commercial properties had not been followed up by redevelopment and the centres of many large cities were becoming less and less attractive to new enterprises. The government decided to create 'enterprise zones' in a number of cities with a view to attracting firms to set up in inner-city areas. Firms located within an enterprise zone do not have to pay rates for up to 10 years; planning controls are less rigid so that factories can be built more quickly, and such firms can obtain very favourable tax treatment of their capital expenditures.

Effectiveness of regional policy

It is extremely difficult to measure the effectiveness of regional policy. Facts such as these would seem to indicate that regional policy has been a failure.

It can be argued, however, that the differences in regional unemployment rates would have been much greater if there had been no regional policy. It has been estimated that the policy created more than half a million new jobs in these years. It is, of course, extremely difficult to estimate how many existing jobs were saved by regional policy.

Regional policies have been subject to criticism on several grounds.

1. A policy aimed at diversifying industrial structure in all the regions may result in a loss of economies of scale. The motor car industry, which was persuaded to build plants in several of the development areas, was reluctant to do so because it meant that these plants would not benefit from the economies of concentration which were available in the established centres of the industry.

2. Firms in prosperous areas which were refused permission to expand in their original location may well have decided to cancel their plans for expansion rather than accept the alternative of building a branch factory in a development area. Alternatively, they may have chosen to expand by taking over another firm in the same area.

3. A major criticism of earlier regional policy which has already been mentioned is that it was heavily biased towards capital-intensive firms which obtained automatic investment grants in development areas.

4. Many people believe that public expenditure on regional policy has been inadequate. It is believed that too much emphasis had been placed on trying to persuade large firms to move from non-assisted areas. The government advocated a policy of encouraging small new firms to start up in development areas.

Structural factors still appear to favour the South East and East Anglia. For example, much of the investment in new industries involving micro-electronics is taking place within 50 miles of London. The gradual process of deindustrialisation is moving capital and labour away from older industries to the services sector, especially financial services, technical services and tourism. Many of the development areas are unattractive locations for enterprises in these industries.

Regional policy helped to bring about a substantial narrowing of regional differences in unemployment rates. There was a relatively

large increase in the national rate of unemployment. Unemployment in all the regions increased but the increase was much greater in some regions than in others, and the regional discrepancies increased.

The inner city problem

After the 1987 general election the government announced that the problems of the inner cities would receive the highest priority. Several inner cities in the UK present a picture of dereliction and decay, and have unemployment rates well above the national average.

The drift of population and employment from the inner cities to the suburbs and to towns in more rural areas has been going on for a long time. Rising incomes have made it possible for many people to move to more attractive suburbs, and, commuters account for an increasing share of inner-city employment. Automation and new techniques of production and distribution have meant that firms require more floor space per employee. This fact, together with the unavailability or high cost of suitable sites in the inner cities, has caused firms to seek locations outside city centres.

In inner cities, the share of unskilled and semi-skilled workers in the labour force is much higher than it is in outer areas. Low-skilled and low-income groups find it difficult to move from low-cost council accommodation in the cities to high-cost owner-occupied houses in the suburban areas.

The serious social problems which have developed in several inner cities have prompted the government to take more urgent and direct action to supplement the inducements offered to firms setting up in the enterprise zones already established in most of the problem areas. Current government policy is based largely on *urban development corporations (UDCs)*. These bodies are appointed and wholly financed by the government. They have been given powers to buy and manage land, and to provide buildings, roads and services, and they can also be given planning and building powers. Their main purpose is to encourage private-sector investment in the inner cities. The London Docklands Development Corporation is probably the best-known example. It is claimed that this particular development has encouraged private-sector investment equal to six times the amount of public money devoted to the project.

THE ECONOMICS OF POPULATION

An optimum population

Countries are often described as underpopulated or overpopulated. From the economist's viewpoint these terms do not refer to the population densities (i.e. the number of persons per square mile), but to the relationship between the numbers of people and the supplies of land, capital, and technical knowledge available to them. That size of population which, with the existing stock of land, capital, and knowledge, would give rise to the maximum output per head is described as the optimum population. Thus, the terms underpopulated and overpopulated refer to sizes of population less than or greater than the optimum. A country with more than adequate supplies of fertile land-and capital may be underpopulated with 300 persons per square mile, whereas a poor country may be overpopulated with no more than 20 persons per square mile.

The optimum population is not a static concept since the state of technology and the stock of capital are subject to constant change. An increase in the national stock of capital, improvements in the techniques of production, and in the fertility of the land will all tend to increase the size of the optimum population. But measures other than output per head may be taken into account when assessing the optimum population. A nation might relate the preferred size of population to the problem of pollution, or the destruction of valuable amenities, or the rate at which non-replaceable resources are being used up.

An increasing population

Whether an increase in the size of a population brings economic advantages or disadvantages depends very much on the size of the existing population in relation to the other economic resources available to it; in other words, whether it is above or below the optimum size. When population is growing fast and there is a large excess of births over deaths, the proportion of people in the younger age groups will be increasing. A large increase in the numbers of young dependants can be a serious barrier to economic growth. The economic resources needed to care for the growing numbers of

children and to educate them might have been devoted to industrial development and training.

Alternatively, the same resources could have been used to give a smaller number of children a much better education. This is a serious problem in many parts of Africa and Asia. By the year 2000, even if the birth rate falls rapidly, the number of children in the 6 to 11 age group will increase by 92 per cent in Africa and 62 per cent in Asia.

An increase in the number of children now will bring about an increase in the number of workers in the future. New workers need capital, however, even if it is only a simple plough. Economic growth depends very much on increasing the amount of capital per worker. Many developing countries with rapidly growing populations find it very difficult to carry out enough investment to maintain even the present very low ratio of capital to workers.

When a country is heavily dependent on world trade for a major part of its requirements of food and basic materials a rapidly rising population might give rise to serious balance of payments problems. Quite apart from the need to import more food, creating work for the increasing numbers will require larger imports of raw materials and other capital goods. To pay for these additional imports the country will have to achieve a substantial increase in its exports.

We must not assume, however, that a slowing down in the growth of population will remove the causes of poverty. Some of the poorer countries would no doubt benefit from a less rapid growth of population since they could then devote more resources to improving their facilities rather than to extending them. In other regions, however, population growth may not be undesirable. An expanding population will create increased demands for goods and services and growing markets tend to stimulate investment and create employment. A growing population will be able to take more advantage of specialised production and economies of scale. We have seen that many of the more efficient modern production techniques can only be utilised economically in large-scale production. Comprehensive road and rail networks, power supplies, and other public utilities can only be operated at relatively low cost when there is a relatively large population to ensure full utilisation.

A country with a growing population, and hence a young age structure, will probably be more amenable to change and better able to carry it out. The labour force will be more mobile. With increasing numbers entering the working population, expanding industries will have little trouble in recruiting labour. A more rapid rate of technical progress is possible when the population is expanding, because new industries, new factories, and new techniques of production can come into operation alongside the older ones. With a static or declining population these changes might have to wait for the redundancy of the older equipment.

The effects of an ageing population

Although the population of the world is growing fast, the populations of several European countries are stagnating or, in some cases, actually falling. If a country's population is to be maintained in the long run, every 100 of its women must bear 210 children an average of 2-1 children each. This is described as the replacement level. In most European countries, the rate is below replacement level.

The effect of a low fertility rate over two or three generations is an overall ageing of the population. In Britain the number of people aged 60 or more was four times greater in 1985 than it was in 1901. It is the over-75s - the group which is growing fastest - which needs the most expensive care and medical attention.

An ageing population also means an ageing labour force, with more workers in their late 40s and 50s. Since older workers tend to be less adaptable than younger workers, the economy may find it more difficult to cope with the adjustments required in order to make rapid technical progress.

As the population ages, firms will have to change their outputs to satisfy increasing demands for the goods and services consumed by older people. There will also be increasingly heavy demands on the health service and other social services.

Like many other countries with low fertility rates, Britain faces the prospect of financing a steadily increasing bill for state retirement pensions. The number of pensioners was 9.3 million in 1985, and it was estimated that this would rise to about 13 million in the next 50 years. However, it was estimated that the number of contributors to national insurance would increase by only 400 000 over the same period.

COMPETITION IN THEORY AND PRACTICE

We are still concerned mainly with the free enterprise or capitalist system where price movements are a major factor in determining the actions of producers and consumers. It is now time to turn to a study of the various market conditions under which these prices are determined. The capitalist system is said to be based upon the principle of competition and we must, therefore, examine the nature and extent of competitions in the markets for goods and services.

In order to assess the degrees of competition in different markets it is necessary to have some kind of 'measuring rod', or 'standard of comparison'. We begin, therefore, by looking at the conditions necessary for a state of perfect competition - an extreme situation in which competition reaches its highest possible degree.

Perfect competition

The economist's model of perfect competition is highly theoretical, but it does provide a useful tool of economic analysis and helps us to make some sense of real world conditions. The real world is much too complicated to understand all at once; it is necessary to examine one feature at a time. Economists are able to use their model of a perfect market as a means of assessing the degree of competition in real world markets. They set out the conditions necessary for a perfect market and then contrast these with the situations found in the markets for goods and services. The degree of competition in these real markets is based upon the extent to which they approximate to the model of perfect competition. It is necessary to point out that the competition referred to here is price competition. Firms are assumed to be engaged in a rivalry for sales which takes the form of underselling competitors.

In a market operation under the conditions of perfect competition, there will be one, and only one, market price, and this price will be beyond the influence of any one buyer or any one seller. These conditions can only be satisfied in a market which contains certain characteristics.

They are:

1. All units of the commodity are homogeneous (i.e. one unit is exactly like another). If this condition exists, buyers will have no preference for the goods of any particular seller.

2. There must be many buyers and many sellers so that the behaviour of any one buyer, or any one seller, has no influence on the market price. Each individual buyer comprises such a small part of total demand and each seller is responsible for such a small part of total supply that any change in their plans will have no influence on the market price.

3. Buyers are assumed to have perfect knowledge of market conditions, they know what prices are being asked for the commodity in every part of the market. Equally sellers are fully aware of the activities of buyers and other sellers.

4. There must be no barriers to the movement of buyers from one seller to another. Since all units of the commodity are identical, buyers will always approach the seller quoting the lowest price.

5. Finally, it is assumed that there are no restrictions on the entry of firms into the market or on their exit from it.

We can now see why, in a perfect market, there will be one and only one market price which is beyond the control of any one buyer or any one seller. Firms cannot charge different prices because they are selling identical products, each of them is responsible for a tiny part of the total supply, and buyers are fully aware of what is happening in the market.

Monopoly

Monopoly power

Monopoly in the market place indicates the existence of a sole supplier. It may take the form of a unified business organisation, or it may be an association of separately controlled firms which combine, or act together, for the purpose of marketing their products (e.g. they may charge common prices). This latter example indicates that monopoly power is concerned with supply - it does not necessarily mean that there is one producer. The main point is that buyers are facing a single seller.

A monopolist has the power to determine either,

(a) The price at which he will sell his product.

(b) The quantity he wishes to sell.

He cannot determine both price and quantity, because he cannot control demand. If he decides on the price at which he is prepared to sell, the demand curve will determine the quantity he can dispose of at the chosen price. If he wishes to market a given quantity per month, then the demand curve will determine the price at which this quantity may be disposed of. The monopolist's power to influence price depends upon two factors.

(i) The availability of close substitutes.

(ii) The power to restrict the entry of new firms.

These two features are closely related because (ii) has some influence on (i).

If there are a number of substitutes available, the prices of which compare favourably with the price of the monopolist's product, his market power will be very limited.

Monopoly power has been defined as the ability to earn long-run abnormal profits. We know from our analysis of perfect competition that this will only be possible if there are some effective barriers to the entry of new firms. The more effective the restrictions on the emergence of new firms, the greater will be the power of the monopolist to exploit the consumer by charging prices well above his average cost.

Monopolistic practices

Although the word 'monopoly conjures up a picture of a single large firm, this is by no means the general form taken by monopoly organisation. Much more pervasive in the structure of industry, prior to the UK legislation on monopolies, was the situation where groups of independently controlled firms actively collaborated in operating agreements to restrict competition within an industry. If an industry is made up of say 10 or 20 firms but they agree to restrict competition between themselves, say by means of a price agreement, then we have a monopoly situation. Effectively the buyers are facing a single seller.

A report by the UK Monopolies Commission indicated that such restrictive trade practices were a common feature of the business world. As already noted, many of these practices have now been abandoned or declared illegal, but it might be interesting to look at some those which were widely practised.

Exclusive dealing and collective boycott

Producers agree to supply only recognised dealers, normally only one dealer in each area, on condition that the dealer does not stock the products of any producer outside the group (or trade association).

Should the dealer break the agreement, all members of the group agree to withhold supplies from the offender. This practice has proved a very effective restriction on competition for it means that any new firms would find it extremely difficult to secure market outlets for their products.

Price and output agreements

The firms in an industry (or the majority of them) may agree not to compete on price and, where the product is fairly standardised, they may agree to charge common prices. The agreed price is normally well above the average costs of the more efficient firms since, in order to persuade enough firms to join the scheme to make it operational, the price must be high enough to provide profits for the less efficient. In order to make the price effective, a price agreement is usually supported by a complementary agreement to limit output (e.g. firms agree to accept output quotas).

Cartels

In its most developed form a cartel comprises a selling syndicate, formed by a group of firms, through which the outputs of the member firms are marketed. The syndicate or selling agency pays the producers a fixed price for their outputs and markets the product as a single seller. Profits are distributed to member firms in proportion to outputs. Marketing boards such as the British Milk Marketing Board are, in fact, a type of cartel.

Collusive tendering

There are many goods which are not produced 'in anticipation of demand', but are made to order'. The buyers announce their requirements by publishing a specification and producers are invited to tender for the contract to supply. This is the normal procedure in the building industry, the civil engineering industry, ship-building, and heavy engineering. The preparation of a tender for the building of a bridge or the erection of large industrial plant can be an expensive operation and, since only one firm can succeed in getting the contract, the unsuccessful bidders incur heavy nonrecoverable expenses. In

some industries producers have combined to eliminate competition by means of schemes which ensure that the available contracts are shared out between the cooperating firms. This may be done by the various firms agreeing not to submit lower tenders than the firm which is entitled to the next contract.

The pooling of patents

In some industries, especially the technically advanced industries, competition may be seriously restricted when the existing firms combine for the purpose of pooling the patents held by individual firms. Technical cooperation of this type means that the firms which are party to the agreement have access to a substantial amount of technical -expertise and specialised equipment which is denied to any potential competitors.

Resale price maintenance

This is the practice whereby the manufacturer fixes the price of his product at each stage of distribution. Although the goods are being distributed by independent wholesalers and retailers they are obliged to charge prices which are laid down by the manufacturers. It means, of course, that the profit margins at these subsequent stages are being fixed by the manufacturers. Resale price maintenance can be enforced by manufacturers either collectively or individually by the threat of withholding supplies if the distributor breaks the price agreement. At one time in the UK manufacturers were given the right to enforce RPM through the courts. RPM is a practice which prevents price competition taking place at the retail stage. Shops cannot pass on any improvements in efficiency in the form of lower prices. It almost certainly maintains prices at higher levels than would be the case if RPM were not in force. Manufacturers anxious to maintain the maximum number of retail outlets tend to fix retail prices at levels which give satisfactory profits to the less efficient retailers.

Discriminating monopoly

One of the criticisms of monopoly is based on the fact that a monopolist is often able to discriminate in his pricing policy. He can charge different prices in different markets for the same commodity. Three basic conditions are necessary for such a policy to be effective and profitable.

1. In order to charge different prices the seller must be able to control the supply otherwise competitors would undersell him in the dearer market. Only a monopolist has the power to determine the price (or prices) at which he sells his commodity.

2. The markets must be clearly separated so that those paying lower prices cannot resell to those paying higher prices.

3. The demand conditions in the separate markets must be different so that total profits may be increased by charging different prices. It is really a matter of separating a group of consumers willing to pay higher prices from those that are only able or willing to pay lower prices.

We have plenty of evidence from our everyday experience to show that these conditions can be met. Markets may be separated by a time barrier. Most passenger transport undertakings charge cheaper rates for off-peak journeys. Electricity and telephone charges are varied according to the time at which they are consumed. These are examples of services which cannot be transferred from the cheaper to the dearer market.

Markets may be separated by transport costs and tariffs. Firms often sell their goods more cheaply in export markets than in the home market. The price differential, of course, cannot exceed the cost of transporting the good back to the home market plus any tariff on imports.

A third type of price discrimination is found where it is possible to separate buyers into clearly defined groups. Before the National Health Service was established doctors commonly charged lower fees to poorer patients than to their wealthier clients. Milk is sold more cheaply to industrial users than to householders. Electricity charges also vary according to the type of consumer.

Price discrimination means that some groups are charged higher prices than others and although this may be regarded as an 'unfair' practice it is possible for price discrimination to be beneficial. Where it leads to a great expansion of sales and output and a significant fall in average costs of production, even those in the higher priced market may be obtaining goods at lower prices than they would be charged in a single market. For example, a large export market (gained by selling at prices lower than the home price) may lead to economies of scale which benefit home consumers even though the home price is higher than the export price.

MONOPOLY AND PUBLIC POLICY

The bases of the policy

There appears to be a generally held opinion that monopoly is against the public interest. The case against monopoly is based mainly on the assumptions we have already outlined, namely, higher prices, abnormal profits (i.e. a redistribution of income from consumers to producers), price discrimination, and the lack of competition which leads to inefficiency and a slower rate of technical progress.

For centuries the common law in Britain has held that agreements in restraint of trade' are against the public interest, but the courts have tended to interpret this law very leniently. Legislation specifically designed to deal with monopoly and monopolistic practices was not introduced in the UK. In spite of a generally unfavourable public opinion, the legislation has not made monopolies illegal (as was the case in the USA). It has been recognised that there might be circumstances where monopoly organisation could be justified. For example, monopoly in the home market might be necessary in order to obtain important economies of scale which, in turn, would lead to lowerpriced exports. Firms which operate agreements to restrict competition between themselves might, as a consequence, collaborate in cost-reducing research and development. An agreement to restrict competition might be necessary in order to ensure a domestic source of supply. For example, an efficient plant designed to produce some synthetic fibre might have to be very large and require an enormous outlay on capital equipment. A firm may hesitate to embark on such an investment unless it can be guaranteed the whole of the home market. If a competitor were allowed to operate in the market, it would probably mean two large plants each working well below capacity with much higher costs per unit, lower profitability, and reduced prospects in export markets.

It is possibilities such as these which have persuaded legislators in the UK to establish machinery for the examination of monopoly situations and to decide each case on its merits. Nevertheless there is a presumption that monopoly is against the public interest.

The public interest

The great problem with this approach to monopoly is that it requires some indicators of what is meant by the public interest'. The people who have to administer the policy have to come to some decision on whether the trading practices they find in the business world are operating in the public interest or against it. Unfortunately the legislation has not given any very clear guide lines. The 1948 Act laid down that in judging whether a monopoly was operating contrary to the public interest the investigators should consider all matters which appear in the particular circumstances relevant and among other things the need to achieve the production, treatment and distribution by the most efficient and economical means of goods of such types and in such quantities as will best meet the requirements of home and overseas markets.

The 'other things' to be taken into account included, the organisation of industry and trade in such a way that their efficiency is progressively increased and new enterprise encouraged; the fullest use and best distribution of men, materials, and industrial capacity in the UK; the development of technical improvements, and the expansion of existing markets and the opening up of new markets.

These guide lines have been described by one former member of the Monopolies Commission as a string of platitudes, much too wide and general to be of any great assistance to those who had to reach some conclusion on a particular case. One problem of course is that some of these objectives might, in particular circumstances, be incompatible.

For example, a measure which leads to greater efficiency may lead to greatly increased local unemployment. It is interesting to note that the Act did not specifically mention 'competition' among the public interest criteria. The Act provides more guidance in the form of a new definition of the public interest. This include such phrases as 'the desirability of maintaining and promoting effective competition', the need for promoting through competition the reduction of costs and the development of new techniques and new products, and... facilitating the entry of new competitors into existing markets'. The emphasis is now much more on competition as a means of stimulating efficiency, but the Act clearly lays down that 'all matters which appear relevant'

must be considered, and it makes particular mention of the need to maintain a balanced distribution of industry and employment in the UK. The aim of promoting competition, therefore, will not be the overriding consideration. An increase in monopoly power (e.g. by merger) which, it is believed, would improve employment prospects in, say, a development area would most probably be judged to be in the public interest.

Identifying monopoly

If the authorities are going to control monopoly, they have to define it in such a way that a monopoly situation can be clearly identified. The most widely used indicator of monopoly power is that of the market share.

The market share test is probably the most workable measurement for administrative purposes since it is fairly easily measured. It does not follow that, in itself it is a good guide to monopoly power. A firm with one quarter of the total market may have a great market power or it may face very keen competition.

Monopoly might also be identified by the nature and extent of the barriers to entry. The existence of such barriers would certainly be a factor in deciding whether monopoly conditions existed, but it might be difficult to measure their effectiveness.

Societal Risks of Monopolies

The accumulation of power and leverage on behalf of the suppliers largely revolves around the fact that monopolies can ultimately control supply in its entirety for a specified product or service. Through utilizing this control strategically, a profit-maximizing monopoly could create the following societal risks:

Price Discrimination: This concept is often strongly emphasized as a potential economic risk of monopolies and the economic justification is easily illustrated. Picture a supply and demand chart, where supply and demand intersect to generate a fair price point and overall quantity provided. Now assume one company has the entire supply under its control, and can discriminate prices along the demand curve to capture higher prices than the available supply should allow. This allows monopolies to charge customers with a higher willingness to pay a higher price, while still charging consumers with a lower willingness to pay the standard prices. This is unfair to

consumers, who will be forced to pay whatever is asked as a result of no alternative options.

Reduced Efficiency: A less direct societal risk of monopolies is the fact that competition is closely linked to incentives. As a result, no competition will provide the monopoly very little reason to improve internal inefficiencies or cut costs. A competitive market will see constant strives to reduce costs in order to capture higher market share and provide goods at lower prices, while monopolies do not have this incentive.

Reduced Innovation: A monopoly will also have limited motivation to innovate, as there is little value in differentiation in a thoroughly controlled market (for the only incumbent). As a result there is reduced improvements that could substantially improve the ability of the firm to fulfill the needs of the consumer.

Deadweight Loss: A monopoly will choose to produce less and charge more than would occur in a perfectly competitive market. As a result, a monopoly causes deadweight loss, an inefficient economic outcome.

In summarizing these various societal drawbacks, monopolies pose the risk of reducing consumer choice and consumer power to incentivize companies to innovate and reduce costs, as there is limited prospective returns on investment. A monopoly with total control over the supply can charge any price that the consumer is willing to pay, and therefore can generate excessive margins while doing very little to improve their product/service or relevant processes.

MONETARY POLICY AND THE ROLE OF THE CENTRAL BANK

During the financial crisis, the Federal Reserve and other government agencies took extraordinary actions to support the financial sector. Those actions were an appropriate response to unprecedented events, but vastly increased government's role in financial markets. Ten years post-crisis, however, the Federal Reserve's role in financial markets has not returned to its pre-crisis norm and only continues to grow.

The Fed's expanding role owes much to interactions between its regulatory and monetary policies. Several post-crisis regulations and examination mandates encourage banks to prefer the Fed (or other government entities) as counterparties rather than other banks or financial institutions, and more generally to retreat from financial market intermediation critical for monetary transmission. Meanwhile, the Fed has been conducting monetary policy with a massive balance sheet and an expanded set of counterparties—actions that not only respond to but also further encourage the regulatory-induced retreat from intermediation by the banking sector.

The central irony of the Federal Reserve's current path is that its regulations were designed to prevent banks from ever having to rely on any type of governmental support, because such support represented a risk to the taxpayer and a moral hazard; such support was defined to include not just capital injection but also traditional discount window lending. Instead, though, the taxpayer now supports—directly and daily—a massive, unprecedented, and growing Federal Reserve role in U.S. financial markets. Taxpayer funds are also paid directly to money funds and other non-banks through a reverse-repurchase facility that has become necessary for the Fed to effectuate monetary policy. Thus, rather than playing a supporting role in markets once in a generation, the Fed has become the star of the show.

Relevant components of the supervisory and regulatory response

Post-crisis banking regulation included first-ever liquidity requirements and significant increases in the quantity and quality of required capital. In the United States, those reforms included capital

stress tests designed to ensure that banks could withstand severe financial crises and economic contractions to come.

While those regulations have many virtues, they have instilled in law a preference for banks to transact with the central bank or government-sponsored agencies rather than other banks or financial institutions. For example, the regulatory Liquidity Coverage Ratio (appropriately) treats government securities more favorably — that is, as more liquid — than private securities, and it treats (questionably) loans from government agencies as more reliable than loans from banks or other financial institutions.

Post-crisis capital requirements have also weakened the interconnectedness of money markets critical for the transmission of monetary policy to the real economy. The Basel III capital accord included a 3-percent leverage ratio requirement, which the Federal Reserve raised to 5 percent for the largest banks; the Fed also included post-stress leverage requirement in its annual stress tests. Leverage requirements create a disincentive for banks to invest in low-risk assets such as repo lending. Similarly, multiple components of the systemic risk score used to calculate the capital surcharge applied to Global Systemically Important Banks (GSIBs) increase when banks participate in the repo or FX-swap market, effectively overtaxing that activity from a capital standpoint; here again, the Fed effectively doubled the tax for U.S. banks compared to those subject to the Basel accord as drafted.

As noted, each of these rules has significant virtues, which are obvious and widely touted. Collectively, though, they come with costs that are subtle and have been under-studied, particularly as some of them come from a complex interrelationship with monetary policy.

Relevant components of the monetary policy response

As part of its response to the Great Recession, the Federal Reserve purchased longer-term government securities to put downward pressure on longer-term rates. By October 2014, the Federal Reserve had accumulated \$4.5 trillion in assets. The asset purchases were funded with a commensurate increase in deposits of banks at the Fed, a/k/a “reserves,” which rose from less than \$50 billion before the financial crisis to a peak of \$2.8 trillion. With banks oversupplied with reserves, the federal funds market—where banks short on reserves

previously had gone to borrow for account management purposes—withered.

The superabundance of reserves necessitated a different approach to policy. In particular, rather than raising rates by reducing the supply of reserves, in 2015 the Fed began to raise the interest rate it paid banks on excess reserves, a/k/a the IOER rate. But to ensure that market rates would increase along with the IOER rate, the Fed also offered a standing reverse repurchase facility that paid nonbanks a certain return on overnight investments in the Fed. Essentially, rather than just paying interest on deposits from banks, the Fed also started paying interest on deposits from GSEs, broker-dealers, and money funds.

As a crude summary of the increased role of the Federal Reserve in the financial system, we calculated the sum of all assets and liabilities that were transactions between the Fed and a private institution or a foreign official institution (as opposed to Treasury or currency). At the eve of the crisis, in June 2007, the items added up to \$66 billion; in January 2020, they totaled \$2,188 billion.

Market interactions

In January 2019, the FOMC decided to continue conducting monetary policy with an oversupply of reserves, in part because of an increase in the level and volatility in demand for them. That demand for reserves was significantly owed to the preference federal banking agencies had for banks to hold reserves over other types of liquid assets.

In September 2019, the repo market broke down because banks and broker-dealers did not step in to equilibrate a supply-demand imbalance caused by corporate tax payments and Treasury securities settlement. Banks were unwilling to use their reserve balances to lend into the repo market, in part because of a supervisor preference that banks hold reserves rather than Treasuries. Banks also were unwilling to raise funds to lend into the repo market for two reasons: leverage requirements and GSIB surcharges generally made the resulting balance sheet expansion too expensive, and banks were reluctant to upend their capital and liquidity allocations to respond to a temporary event.

The Fed responded to the breakdown by further expanding its balance sheet and actively considering creating a standing repo facility that would mirror its standing reverse repo facility. Reportedly, the standing facility might not just lend funds to commercial banks (which already borrow through the discount window) and primary dealers (which already participate in Fed open market operations) but also hedge funds and other participants in the FICC sponsored repo program. In short, the Fed stepped in to solve a problem caused by its increased role in financial markets by further expanding its role in those markets and by planning to increase its role in them still further.

More to come?

The volatility in repo markets in September 2019—and the massive Federal Reserve response—occurred in part because banks are disincentivized by regulation and supervision to exercise their core function: offering liquidity where it is needed. If the next dislocation happens when the economy is weak rather than strong, the turmoil could cascade into capital markets and the broader economy. If so, especially with the federal funds rate already near zero, the Federal Reserve would necessarily ramp up its balance sheet and intervene more aggressively in financial markets.

More immediately, there is a chance that the FOMC will indicate that it is officially targeting the repo rate rather than, or in addition to, the federal funds rate. If so, because the FOMC controls neither supply nor demand in the repo market (unlike the federal funds market), it will have to effect control by standing ready to lend or borrow into the market in unlimited quantities at fixed interest rates just above and below its target rate. If this were to happen, the Federal Reserve would become the “market maker of first resort” in the world’s most important financial market. Again, all of this is due to regulations designed to reduce the likelihood of the Fed supplying indirect liquidity support to banks, because that Fed role is seen as too much governmental involvement in finance.

Breaking the feedback loop

To some extent, the Federal Reserve appears to have heard these concerns. In response to the turmoil in September 2019, it is reportedly attempting to convince examiners to stop encouraging banks to favor reserves over Treasuries. The Fed has also proposed reducing the U.S. leverage ratio requirement toward international norms (see Fed proposal

here) and raised the possibility of eliminating the leverage-ratio hurdle rates from stress tests (see Fed speech here).

Moreover, beginning in October 2017 the Fed had been shrinking its portfolio of government securities by reducing its reinvestments of principle. Reserve balances had declined from a high of \$2.8 trillion to about \$1.4 trillion in early September 2019. Market rates had risen from below the IOER rate to at or a bit above the rate, providing banks an incentive to economize on their holdings of reserve balances.

Unfortunately, the Fed reversed course following the September turmoil and as of mid-January 2020 had reinflated its portfolio by over \$400 billion. The jury is out as to whether the Fed will continue the gradual decline once having addressed the volatility in reserves that contributed to the turmoil.

In November 2018 the FOMC indicated that it would reconsider its decision to implement monetary policy using a large-balance sheet approach if it turns out the necessary balance sheet is much larger than it anticipated. While the precise level it anticipated is secret, available information suggests the FOMC then judged that \$1 trillion in reserves would be needed. The Fed's current estimate appears to be about \$1½ trillion.

We encourage the Fed to keep to its word, reconsider its decision, and decide to conduct policy in a manner similar to how it did before the crisis, with a level of excess reserves about one thousandth of its current level. It should combine that change in monetary policy with the changes in regulatory policy it is already considering, strengthening forces of arbitrage between money markets and therefore the monetary transmission mechanism.

Before the crisis the Fed implemented monetary policy by engaging in small and comparably unimportant repo transactions with primary dealers to adjust the size of its balance sheet. Given the tight linkages between financial markets, changes in the fed funds rate were well transmitted to other interest rates. As a result, the Fed once had a small footprint and good monetary control. In the current environment, the Fed's footprint is huge and growing and its monetary control questionable.

If the Fed continues on its current course, when the next crisis occurs, we worry that its independence will be at risk. The star of the show always takes the blame when the ratings are poor.

PART III

ECONOMIC AND MANAGEMENT TERMS

A

abnormal gain- g'ayritabiiy foyda

above par- yuqori qismdan

acceleration clause- tezlashtirilgan to'lov sharti

acceptance credit-qabul qilish krediti

accommodation- turar joy

account- hisob qaydnomasi

accountant-buxgalter

accounting- buxgalteriya hisobi; a. entity- buxgalteriya bo'limi; a.

unit- biznes birligi; a. entry- buxgalteriya yozuvlari; a. period- hisobot davri; a. statement-buxgalteriya hisoboti.

account owner bank- hisob raqamiga egalik qiluvchi bank; a.

payable- kutilayotgan to'lovlar; a. receivable- kutilgan tushumlar.

accretion-o'sish

accrual basis- hisoblash asoslari

accumulated dividend- to'plangan dividend; a. profits tax- to'plangan foyda solig'i;

a. reserves- to'plangan zaxiralar

active account- faol hisob; a. circulation- faol pul aylanmasi; a.

stock- faol aktsiyalar

addendum- qo'shimcha

additional property expenses- qo'shimcha xarajatlar ko'chmas mulk bo'yicha

addition to fixed assets- asosiy vositalarni qo'shish

adjustable peg; a. rate mortgage; ARM- moslashuvchan ipoteka

adjusting entry- tuzatish yozuvi; a. credit- kreditni to'lash; a.

programme- barqarorlashtirish dasturi

adjustments for overprovisions in previous years- o'tgan yillardagi ortiqcha zaxiralarni tuzatish

administration of assets- aktivlarni boshqarish

adoption of the annual account- yillik hisobni qabul qilish

ad valorem tax- qiymat solig'i

advanced payments received- erta qabul qilingan to'lovlar

advance redemption- muddatidan oldin to'lash

adverse trade balance- passiv to'lov balansi
aggregate risk- umumiy xavf; a. supply- yalpi ta'minot
agreed price- kelishilgan narx; a. wage structure - kelishilgan ish
haqi tarkibi
agreement- kelishuv
air bill risks- to'liq xavfni sug'urta qilish to'g'risidagi hujjat
allocation- o'zlashtirish
allotment- tarqatish a. price- tarqatish narxi
allot shares- tarqatish narxi
allowance- shaxsiy daromad solig'i bo'yicha chegirmalar
alternate deposit- muqobil deposit
amendment- tuzatish; a. by alteration- tuzatish bilan o'zgartirish
annual accounts- yillik hisobot; a. audit- yillik audit; a. balance
sheet- yillik balans; a. depreciation charge- amortizatsiya to'lovlari
yillik; a. general meeting- aktsiyadorlarning yillik yig'ilishi; a. income-
yillik daromad
annuity- davriy to'lov
anticipation- muddatidan oldin ijro etish
appeal against an assessment- soliq shikoyati
application for a letter of credit- kredit bo'yicha yozma ariza
apportion- aktsiyalarni taqsimlash
appreciation- qiymatning oshishi
arrangement for amortization- yozma emissiya shartnomasi
arrears- qarzdorlik
articles of partnership- sheriklik to'g'risidagi nizom
assented securities- kelishilgan aktsiyalar
assessable profit- daromad
asset account- kapital hisobi
assets- aktivlar
asset turnover ration - kapital aylanmasi koeffitsienti
assignment- topshiriq
associate- hamkasb
associated company- sherik
assurance- sug'urta
assured- sug'urta qilingan
assuree- sug'urtalovchi
audit- qayta ko'rib chiqish; a. clerk- buxgalter-nazoratchi;

auditor - auditor, buxgalter
auditor's report- audit hisoboti
audit report review- auditorlik xulosasini tahlil qilish
available funds- to'lovlar uchun naqd pul
average- baxtsiz hodisa; a. income per capital- jon boshiga daromad; a. level of indebtedness- qarzning o'rtacha darajasi; a. price- o'rtacha narx

B

back office- dizayn bo'limi
back-to-back loan - kompensatsiya krediti
bad debt- umidsiz qarz; b. debts recovered- umidsiz qarzlarni qaytarib oldi
balance- muvozanat; b. carried forward- ko'chirish balansi; b. of payments- to'lov balansi; .b. of payment deficit- to'lov balansi defitsiti
bank account- bank hisob raqami; b. balance - balansdagi bank hisobvarag'i; b. certificate- bank sertifikati; b.charges- bank to'lovlari; b. draft- bank cheki
bargaining power- bozor kuchi
basic balance- asosiy to'lov balansi; b. discount- asosiy chegirma; b. of assesment- soliq bazasi
beginning of a slump-tanazzulning boshlanishi
bellow par- quyi qism
bench-mark-tayanch
benefit- foyda olish
bid market- xaridorlar bozori; b. price- xaridor narxi; b. ticket item-qimmat pozitsiya
black market- qora bozor
blanket credit line- umumiy kredit liniya
blocked account- bloklangan hisob
block issue- bank chiqarilishi
body of shareholders- aksiyadorlar jamoasi
bonus- mukofot
book keeping methods- kitoblarni saqlash usullari
branch- filial
budgeted cost- taxminiy narx

buy forward- bir muddat sotib olish

C

calculation of final value- yakuniy qiymatni hisoblash

called up capital- talab qilinadigan capital

cancellation- bekor qilish

cancelled cheque- bekor qilingan chek

capacity- imkoniyatlar

cash- naqd pul; c. a cheque-qonun loyihasini sotish; c. balance-qonun loyihasini sotish; c. benefit - pul nafaqasi; c. card-naqd karta; c. discount- naqd chegirma; c. flow- pul oqimi; c. management account-pul mablag'larini boshqarish hisobvarag'i; c. market-naqd pul bozori; c. point- bankomat; c. purchase- naqd sotib olish

cash up-tushumlarni hisoblang

casual labour - vaqtinchalik mehnat

casualty loss- oldindan aytib bo'lmaydigan yo'qotish

ceiling price- maksimal narx

central exchange rate- markaziy valyuta kursi

charge card- to'lov kartasi

charges- to'lash

cheque account- hisobni tekshirish

c. card- chek kartasi

circulate money- muomalaga kiritildi

claim of equitable relief- adolatli soliq imtiyozlari to'g'risidagi da'vo

clean noat- valyuta kurslarini toza rejalashtirish

closing an account- hisobni yopish; c. balance- yakuniy balans; c.

date for the subscription list-obuna tugash sanasi; c. entry-hisobotning yakuniy qoidalari; c. price-yopilish narxi

collateral- qarzni kafolatlash

collateralisation- xavfsizlik

co-ownership- birgalikdagi mulk

corporation tax- korporativ soliq

correspondent bank- korrespondent bank

cost insurance-xarajatlar, sug'urta; c. account-xarajatlarni nazorat qilish bo'yicha buxgalter; c. accounting-ishlab chiqarish hisobi; c. control account- xarajatlarni nazorat qilish hisobvaraqlari

cost of acquisition- sotib olish qiymati; c. of living- - yashash qiymati; c. price calculation- mahsulot tannarxi; c. push inflation- xarajatlar inflyatsiyasi

credit advice- kredit eslatmasi; c. agency- kredit agentligi; c. insurance- kredit sug'urtasi; c. purchase- kreditga sotib olish; c. sale- kreditga sotish;

current account- joriy hisob; c. assets- joriy aktivlar

D

dead account- tuxtatilgan hisob

dealer- diler, etkazib beruvchi

dealing floor- dilerlik

debt- qarz ; d. collector- qarz undiruvchi; d. counselling- qarzlarni konsolidatsiya qilish

debtor/sales ratio- schyotning debet tomoni bilan kreditga sotish o'rtasidagi nisbat

debtor nation- qarzdor mamlakat

debt ration- o'z va qarz mablag'larining nisbati

decision maker- - qaror qabul qilish uchun javobgar

deduction- chegirma

deed costs- notarius to'lovlari

deferment of amortization- imtiyoz davri

deferred income- kechiktirilgan daromad ; d. expenditure- kechiktirilgan xarajatlar; d. payment- kechiktirilgan to'lov; d. share- keyinga qoldirilgan ulush; d. taxation- kechiktirilgan soliqqa tortish

deficit- defitsit

definitive certificate- yakuniy aktsiya sertifikati

delivered price- etkazib berish bilan narx

delivery of goods- - etkazib berish ; d. order- xarid buyurtmasi; d. time- etkazib berish muddati

demand- talab

demerger- ajratish

deposit- deposit ; d. account- depozit hisobvarag'i;

depreciation- amortizatsiya

direct cost- to'g'ridan-to'g'ri xarajatlar, asosiy xarajatlar

dirty float- valyuta kurslarining 'iflos' o'zgarishi

disclosure requirements- oshkor qilish talablari

discount- chegirma; d. allowed- narx chegirmasi
discounted cash now- hozirgi zamon bahosidagi kelajakdagi daromad
discounter- qarama-qarshilik
discount house- ro'yxatdan o'tish uyi
discount market- buxgalteriya bozori
diseconomies of scale- kengayishning salbiy iqtisodiy samarasi
disposal of fixed assets- asosiy vositalarni sotish
distress merchandise- mol-mulkni sotish
documents against payment- to'lovga qarshi hujjatlar
domestic issue- ichki kredit; d. monetary policy- ichki pul-kredit va valyuta siyosati; d. production- mahalliy ishlab chiqarish
domicile of a bill- yashash joyi
drawback- qayta eksport chegirmasi

E

early payment- muddatidan oldin to'lash; e. withdrawal- depozitlarni zudlik bilan qaytarib olish
earned income- olingan daromad
earnest-money- deposit
earning basis- faoliyatni daromadlar bo'yicha baholash
economic forecaster- iqtisodiy bashoratchi; e. growth- iqtisodiy o'sish
economic working life- taxminiy foydalanish muddati
effective date- ijroga kirish muddati
effective yield- qimmatli qog'ozlar bo'yicha daromadlar
elasticity of supply and demand- talab va taklifning o'zgaruvchanligi
electronic banking- elektron bank tizimi; e. fund transfer system- elektron to'lov tizimi
encash- naqd pul olish, yig'ish
errors and omission excepted, E&OE- xatolar va kamchiliklar hisobga olinmaydi
escape clause- rad etish imkoniyatining sababi, huquqiy javobgarlikdan ozod qilish
escrow account- bloklangan hisob
established charges- tashkiliy xarajatlar

estate duty- mol-mulk solig'i
estimated assessment – soliqqa tortishni baholash; e. cost-
taxminiy narx, standart xarajatlar
exceptional non-recurring costs - istisno davriy xarajatlar
exchange office - pul almashtirish punkti
exercise of a pre-emptive right- ustunlik huquqidan foydalanish
ex gratia payment- ixtiyoriy to'lov
expenditure – xarajatlar
expense classification by type- xarajatlar turlari bo'yicha
tasniflash
extraordinary income and expenditure- g'ayrioddiy daromad va
xarajatlar

F

factory expenses- umumiy xarajatlar
falling market- xaridi pasayotgan bozor
false market- soxta bozor
family company - oilaviy kompaniya
finance- moliya; f. house- moliyaviy kompaniya; financial
accounting- moliyaviy buxgalteriya hisobi; f. adviser- moliyaviy
maslahatchi; f. intermediary- moliyaviy vositachi
financial transaction- moliyaviy operatsiya
finished goods- tayyor mahsulotlar
fire sale- shoshilinch sotuv
first in, first out, FIFO- "birinchi bo'lib kelgan - birinchi bo'lib
nokautga uchraydi
fixed assets- asosiy vositalar; f. assets under construction-
o'rnatish jarayonida asosiy vositalar
flexible exchange rate- o'zgaruvchan valyuta kursi
flexitime- moslashuvchan ish jadvali
floatation- yangi kompaniya aktsiyalarini joylashtirish
forced sale- majburiy sotish
forgery- qalbakilashtirish
formation expenses- dastlabki xarajatlar
franchise- litsenziya, franchayzing
franchisee- franchayzing kompaniyasi
free enterprise- erkin tadbirkorlik

freehold- ko'chmas mulk
fringe benefits- qo'shimcha mukofotlar
fundamental accounting concept- buxgalteriya hisobining asosiy tamoyillari
funded debt-muddatsiz konsolidatsiya qilingan davlat qarzi
fund management- fondni boshqarish
future value, FV- kelajakdagi narx

G

gain- foyda
galloping inflation- jadal inflyatsiya
gearing-qarz nisbati
General Agreement on Tariffs and Trade, GATT- Tariflar va savdo bo'yicha bosh kelishuv
General Arrangement to Borrow- kreditlar bo'yicha umumiy kelishuv
general lender-nominal hisobvaraqlar kitobi; g. management-ijroiya qo'mitasi; g. partner- to'liq sheriklik; g. undertaking -umumiy majburiyat
gill-edged security - oltinga o'xshash qimmatli qog'ozlar
global demand - umumiy talab
gross borrowings- yalpi qarz olish; g. domestic product, GDP- yalpi ichki mahsulot; g. income-yalpi ish haqi; g. loss- umumiy yo'qotish; g. national product, GNP- yalpi milliy mahsulot; g. profit- yalpi foyda, sof foyda; g. turnover- yalpi tovar aylanmasi

H

hard cash- naqd pul, qattiq tanga
headline inflation- umumiy inflyatsiya
high interest rate policy-qimmat pul siyosati
hire-purchase, HP- sotib olish opsiyasi bilan ijaraga berish
historical cost- sotib olish qiymati; h rate of exchange-haqiqiy kurs
holder of record-ro'yxatdan o'tgan aktsiyador
hyper-inflation- yuqori darajadgi pul qadrsizlanishi
hypothecation- ipoteka, garov

I

- illiquid asset- likvidsiz aktivlar
- impersonal accounts- aniq shaxslarga tegishli bo'lmagan hisobvaraqlar
- imprest system- naqd kredit tizimi
- imputation system- dividendlarga soliq solish tizimi
- inactive partner- faol bulmagan sherik
- incentive- rag'batlantirish
- income- foyda ; i. gearing- qarzga xizmat ko'rsatish koeffitsienti;
- i. shares- daromad ulushi; i. tax- daromad solig'i ; i. tax form- soliq deklaratsiyasi shakli
- inconvertible money- o'zgarmas pul
- increase in value- qiymatning oshishi
- increment- o'sish
- incremental scale- ish haqi stavkasining o'sishi
- indefeasible right- ajralmas mulk huquqi
- indirect expenses- bilvosita ishlab chiqarish xarajatlari; i. labour costs- bilvosita mehnat xarajatlari; i. material cost- bilvosita moddiy xarajatlar; i. taxation- bilvosita soliqqa tortish
- industrial bank- sanoat banki
- inflated costs- inflyatsion xarajatlar; i. price- oshirilgan narx
- inheritance tax- meros solig'i
- Inland Revenue- Soliq idorasi; i. revenue inspection- soliq tekshiruvi
- input/output ration- kirish-chiqish nisbati
- insolvency- to'lovga qodir emaslik
- instalment- muntazam ravishda to'lash
- insurance policy – sug'urta polisi; i. reserve- o'z sug'urtasi uchun zaxiralar
- interbank rate- stavka foizi
- interest sensitive purchase- bank stavkalariga nisbatan sezilarli qiziqish
- International Bank for Reconstruction and Development, The World Bank, IBAD- Jahon banki, IBAD - Xalqaro tiklanish va taraqqiyot banki
- international issue- xalqaro kredit
- interoperability- birgalikda ishlash

intervention on the foreign exchange market- valyuta aralashuvi
introduction to the stock exchange -qimmatli qog'ozlarni fond
birjasiga qabul qilish

J

job description- ishning tavsifi; j. evaluation- ishning murakkabligini baholash; j. security- xavfsiz ish bilan ta'minlash

joint account- qo'shma hisobvaraqq; j. and several guarantee- qo'shma hisob-kitob shartnomasi; j. and several liability- qo'shma va individual javobgarlik; j. products - tegishli mahsulotlar; j.venture- qo'shma korxonasi

junior debt- subordinatsiyalangan ulush

K

key money- darhol to'lov

L

labour intensive industry- mehnatni ko'p talab qiladigan sanoat; l. market- mehnat bozori; l. relations- mehnat munosabatlari; l. time record- ish vaqti to'g'risidagi guvohnoma

lagging indicator- orqada qoladigan ko'rsatkichlar

landed cost- etkazib berish narxi

landing order- bojxona omboriga buyurtma

land register- kadastr; l. servitude- pullik qishloq xo'jaligi mehnati; l. tax- er solig'i

latent tax liability- yashirin soliq qarzlari

law of diminishing returns- daromadning kamayish qonuni

leased property- ijaraga olingan mulk

leasing- lizing (o'rta va uzoq muddatli ijara)

legal capacity- huquq layoqati

lending- qarz berish; ; l. limit- kredit limiti

letter of allotment- aktsiyalarga obuna bo'lganligi to'g'risida xat

liability account- majburiyat hisobi

limited- cheklangan; l. convertibility- tashqi konvertatsiya; l. liability- cheklangan javobgarlik; l. liability company- mas'uliyati cheklangan jamiyat; l. partnership with a share capital- mas'uliyati cheklangan sheriklik

loan- kredit
logistics- tovarlarni etkazib berish va qabul qilish tizimi
loose-leaf accounting- vaucher buxgalteriya hisobi
lower method value- arzon narxlardagi usul
lump sum- bir martalik tulov
luxury good- hashamatli buyum; l. tax- hashamatli tovarlarga soliq

M

machine time record- mashina vaqtini ro'yxatdan o'tkazish
macro-economics- makroiqtisodiyot
mail order- pochta orqali uzatish
managed currency- boshqariladigan valyuta
management accounting- boshqaruv hisobi
managing director- boshqaruvchi
manpower planning- ishchi kuchini rejalashtirish
manufacturing account- ishlab chiqarish xarajatlari hisobi; m . on
service contract- ishlab chiqarish shartnomasi
marginal cost- qo'shimcha ravishda xarajatlar; m. cost pricing-
qo'shimcha xarajatlarni narxlash; m, return- ortiqcha daromad
marketable securities- sotiladigan qimmatli qog'ozlar
marketing cost- tarqatish xarajatlari
material consumption- moddiy iste'mol
materiality- hisobot berishdagi ulushi
material shareholding- muhim ishtirok
means of payment- to'lov vositasi
memorandum item- esdalik maqola
micro-economics – mikroiqtisodiyot
minimum lending rate- kredit berishning minimal stavkasi
miscellaneous income- boshqa daromadlar
mixed economy- aralash iqtisodiyot
monetary base- pul ta'minoti
mortgage- ipoteka; m. bond- ko'chmas mulk qarzi
multiply currency accounting- - bir nechta valyutadagi
buxgalteriya hisobi
multi-stage consolidation- bosqichma-bosqich unifikatsiya qilish

N

narrative- bitim bayonoti
narrow market- sust bozor
national savings- milliy jamg'armalar
negative cash now- salbiy pul oqimi
net assets- sof aktivlar ; n. assets value per share- aktsiya uchun sof aktivlar; n. asset value- sof aktiv qiymati; n. book value- aktivlarning sof balans qiymati
new issue- yangi kredit
no-claims bonus- muammosiz mukofot
non-acceptance- rad etish, qabul qilishdan bosh tortish; n .allowable charges- chegirilmaydigan xarajatlar
normal balance sheet- standart balans; n . production cost normal- ishlab chiqarish xarajatlari
notes on the accounts- moliyaviy hisobotga eslatma
notice of assessment- soliq bo'yicha maslahat

O

obligation- bog'lanish
obsolescence- eskirganlik
offer- tijorat taklifi
officially isted securities- rasmiy ro'yxatdagi qimmatli qog'ozlar
official price- taxminiy narx; o. receiver- bankrotlikning rasmiy tugatuvchisi
one-man business- yakka tartibdagi tadbirkorlik
open cheque- naqd pul tushumi; o. credit- ochiq kredit; o.-end lease- ochiq ijara
operating expenses- operatsion xarajatlar
operational lease- ishlab chiqarish binolarini ijaraga berish
order- buyurtma; o. cheque- buyurtmani tekshirish; o. document- ma'muriy hujjat
ordinary partnership- oddiy sheriklik
organized labour- uyushgan ishchi kuchi
output tax- ishlab chiqarish solig'i
overestimate of costs- xarajatlarni ortiqcha baholash, xarajatlarning qulay narxi
overfunding- ortiqcha mablag '

overheating- iqtisodiyotning haddan tashqari qizishi
overproduction- ortiqcha ishlab chiqarish
overtrading- savdo faoliyatining haddan tashqari rivojlanishi
ownership reservation- egalik huquqini saqlab qolish
own shares of group- guruhning o'z aktsiyalari

P

paid- to'langan
paid-up capital, p.-in capital-to'langan capital
partial audit- qisman qayta ko'rib chiqish
participating bond- kompaniya foydasida ishtirok etish huquqiga ega bo'lgan obligatsiyalar
participation certificate- ishtirok etish to'g'risidagi guvohnoma
party-secured creditor- qisman ta'minlangan kreditor
partner's current account- ishtirokchilarning joriy hisobvarag'i
partnership- sheriklik
pass a dividend-dividendni o'tkazib yuboring
parthfinder prospectus-dastlabki loyiha
pay as you earn, PAYE --ish haqi olgandan keyin soliqlarni to'lash
payment- to'lov
payroll- to'lov hisoboti
pension fund-pensiya jamg'armasi
performance share- samarali ulush
personal disposable income- oilaning bir martalik daromadi
physical check- haqiqiy egasini tekshirish
present value- hozirgi qiymat
preservation period for books and records- kitoblar va yozuvlarni saqlash muddati
pre-tax profit- soliqlardan oldingi sof foyda
price- narx; p.-earning ratio, P/E ratio- daromad va daromad nisbati ; p. fixing- narx kelishuvi; p. level accounting- narxlar darajasini hisobga olish
prime rate- banklarning asosiy stavkasi
private accounting- individual buxgalteriya hisobi; p. drawing- xususiy xarajatlar; p. issue- kreditni xususiy joylashtirish; p. placement- xususiy turar joy; p. property- xususiy mulk

production cost- ishlab chiqarish xarajatlari, tannarxi
profit and loss account- foyda va zararlar hisobi
project finance- loyihani moliyalashtirish
propensity to invest- investitsiya qilishning zichligi
property tax- mol-mulk solig'i
proxy- vakolat, ishonchnoma; p. card-ovoz berish uchun
ishonchnoma; p. deadline-tugash muddati
public authority loan- davlat qarzi
public ownership- davlat mulki; ; p.sector issue- davlat krediti
purchasing power- sotib olish qobiliyati

Q

qualifying distribution- foydani taqsimlash
quoted company-ro'yxatga olingan kompaniya

R

range of prices- narx oralig'i
rate of stock turnover-tovar-moddiy boyliklarning aylanish
darajasi
rates- er solig'i
real interest-rate- real foiz stavkasi
realisable value, current value-sotuvda mavjud qiymat
realised profit-olingan foyda
real property, real estate- ko'chmas mulk
rebate- skidka
recognised stock exchange- tan olingan fond birjasi
reconciliation of accounts-hisob-kitoblarni taqqoslash
record date-aktsiyadorlarni ro'yxatdan o'tkazish sanasi
recurring cost- davriy xarajatlar
redeemed share- bekor qilingan ulush
redemption-qaytarish
reducing balance method- muvozanatni kamaytirish usuli
regie- davlat monopoliyasi
regressive costs- pasayib borayotgan xarajatlar
related company- boshqariladigan kompaniya
remission of a debt- qarzni to'lash
remote banking- masofaviy bank faoliyati

rendering an account - hisobot berish
repurchase on the stock exchange- ikkilamchi bozor orqali sotib olish

S

safe-custody charges- saqlash to'lovi
salary account- ish haqi hisobi
sales deductions- sotuvga chegirma
same-day funds- bir kunlik mablag
saving- tejash
savings account- jamg'arma hisobi
secondary market- ikkilamchi bozor
second-line management- o'rta ma'muriy daraja
securities- qimmat baho qog'ozlar
self-balancing accounting- o'z-o'zini muvozanatlash buxgalteriya hisobi
seller's market- sotuvchilar bozori
sell forward- bir muddat sotish
selling and repurchase agreement - sotish va sotib olish shartnomasi
sell out- sotish,
service a debt- qarzni to'lash
short-dated bond- qisqa bog'lanish
single-entry bookkeeping- bir martalik buxgalteriya hisobi
social accounting - ijtimoiy dastur haqida hisobot berish
spot price - naqd narx
start-up expenses - boshlang'ich xarajatlari
statement of holdings - investitsiya hisoboti
stockbroker, share broker - birja vositachisi
stock difference- aksiyalar farqi
stock price discrepancies - aktsiyalar narxidagi nomuvofiqlik
subnormal capacity usage - ularning standart ishlab chiqarish quvvatidan to'liq foydalanmaslik
subsidiary account - sun'iy yo'ldosh hisobi
sumpayable at maturity - o'z vaqtida to'lash miqdori
supplies for personal use - individual foydalanish uchun tovarlar va xizmatlar

T

takover- kompaniyalarning birlashishi
taxation- soliq solish
tax avoidance- soliqlardan qochish
temporary investment- vaqtinchalik sarmoyalar, osongina sotiladigan qimmatli qog'ozlar
tender- taklif qilish, savdolashish
term deposit- muddatli deposit
terms of subordination- субординация
trading stamp- e'lon qilingan qog'ozli shtamp
transfer of funds- kredit o'tkazish
transshipment- qayta yuklash (tovarlarning bir turidan ikkinchisiga)
translating financial statements in foreign currencies- moliyaviy hisobotlarda hisobga olinadigan chet el valyutasi
traveller's cheque- sayyohlik cheki
trial balance- sinov balansi
trust property- ishonib topshirilgan mulk

U

unfair competition- adolatsiz raqobat
unified control- qo'shma nazorat
underevaluation- past baholash
unlimited company- cheksiz kompaniya
unrecord book value- qayd qilinmagan sof qiymat
unlisted securities market - kotirovka qilinmagan qimmatli qog'ozlar bozori
upside potential- yuqoriga qarab potentsial

V

valuation- baholash, soliqqa tortish
variable costs- o'zgaruvchan xarajatlar
variance account- nomuvofiqlik hisobi
variations in balance sheet items- balansidagi nomuvofiqlik
visible reserve- ochiq zaxira
volume of new issues - yangi nashrlar hajmi

W

wage- ish haqi

warehouse charge- omborda saqlash haqi

warrant- - kafolat, ishonchnoma

waste book - xarajatlar kitobi

wholesale- ulgurji savdo

wholly-owned subsidiary- to'liq boshqariladigan kompaniya

working capital- aylanma mablag'lar

work in progress- yarim tayyor

Y

year and closure; year and closing- yil oxiridagi yopilish

yield- qimmatli qog'ozlardan olingan daromad

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