**INDIVIDUAL HOMEWORK № 1**

**Variant 1**

**READING**

**1. Read the text and decide whether these statements are true or false.**

1. Market structure describes how competitive a market is.

2. Perfect competition and pure monopoly are opposites.

3. Four conditions are necessary for perfect competitions to exist.

4. In perfect competition, every company makes a slightly different product.

5. Perfect competition makes it easy for new companies to start trading.

6. When there is perfect competition, companies are able to set any price they

want.

Market structure and competition

When economists talk about market structure they mean the way

companies compete with each other in a particular market. Let’s take the

market for pizzas, for example. There may be many thousands of small

companies all trying to win a share of the pizza market, or there may be only

one huge company that supplies all the pizzas. These are two very different

market structures, but there are many other possible structures. Market

structure is important because it affects price. In some market structures,

companies have more control over price. In other market structures,

consumers have more control over price.

You can think of market structure as a kind of scale. At one end of the

scale is perfect competition and at the other end is pure monopoly. In a

market with perfect competition, there are many companies supplying the

same good or service, but none of them are able to control the price. This

sounds fine, but in reality it is very difficult for such a market structure to

exist. What’s needed?

First of all, there must be many small companies competing. Each

company has its own small share of the market. If one company has a much

larger share than any other, it can affect price, and perfect competition will

no longer exist.

Secondly, products or services from different companies must be the

same. This doesn’t mean that every thing on the market has to be identical,

but they have to be perfect substitutes. In other words, one company’s

product must satisfy the same need as another company’s. Imagine a

company produces a television that also makes tea. Its product is different

from everyone else’s. If it chooses to raise the price of its TVs, customers

may still want to buy them because of this difference.

Thirdly, customers and companies must have perfect and complete

information. This means that they know everything about the products and

prices on the market and that this information is correct.

Fourthly, there mustn’t be any barriers to new companies entering the

market. In other words there must not be anything that helps one company

stay in the market and blocks other from trading.

Finally, every company in the market must have the same access to the

resources and technology they need.

If all of these conditions are met, there is perfect competition. In this

kind of market structure, companies are price takers. This is because the laws

of supply and demand set the price, not the company. How does this work?

Very Simply! An increase in demand will make a company increase its price

in order to cover costs. It might try to push its prices even higher than

necessary so that it can make more profit. However, it will not be able to do

this for very long. The increase in demand and the higher price will make

other companies want to enter the market, too. This will drive the price back

down to equilibrium.

**VOCABULARY**

**2. Match the words and phrases with the definitions.**

|  |  |  |  |
| --- | --- | --- | --- |
| 1 | scale | A | to have an influence on someone or something |
| 2 | supply | B | the possibility of getting the right to use or look at something |
| 3 | equal | C | a state of balance |
| 4 | affect | D | looking or being almost, but not exactly, the same |
| 5 | substitute | E | the same in amount, number or size, or the same in importance |
| 6 | access | F | to provide something that is needed |
| 7 | equilibrium | G | to try to be more successful than someone else |
| 8 | demand | H | a limit or boundary of any kind |
| 9 | structure | I | money which is earned in trade or business |
| 10 | barrier | J | a device for weighing things or people |
| 11 | similar | K | call for or require something |
| 12 | Market share | L | the way in which the parts of a system arearranged or organized |
| 13 | compete | M | the number of things that a company sellscompared with the number of things of the sametype that other companies sell |
| 14 | profit | N | a thing that is used instead of another thing |

**3. Choose the best answer A, B or C from the list.**

1. Companies usually have a ……. with senior managers at the top and

employees at the bottom.

2. McDonald’s has a very big ……… of the fast food market.

3. Some teachers mark students’ work using a ……. from A to E.

4. No one’s work is ……… we all make mistakes.

5. A perfect economic system may never ……….

6. A ……… monopoly means an absolute or complete monopoly.

7. Not all twins are ……… Some twins are brother and sister, for example.

8. Sometimes a person’s color or race can be ……… to getting work.

9. We use curtains to ……… light.

10. Countries have been …….. with each other for thousands of years.

11. The …….. point is where two things are balanced against each other.

12. Honey is a healthier ……. for sugar to make things sweet.

13. Everyone should have ……. to education.

1 A shape B structure C building

2 A piece B part C market share

3 A scale B point C grade

4 A good B better C perfect

5 A is B live C exist

6 A pure B good C clean

7 A similar B identical C same

8 A gate B barrier C block

9 A barrier B close C block

10 A shopping B trading C selling

11 A equilibrium B middle C equal

12 A difference B addition C substitute

13 A access B openings C entrance

**4. Read the text. Use the words given in capitals on the right to form a word that fits in the gap in the same line.**

|  |  |
| --- | --- |
| In a capitalist society, the economy and the state are 1\_\_\_\_\_\_separated. Most companies, factories, goods and services are owned by private firms and individuals rather than the2\_\_\_\_\_\_\_. In such a society, the government provides onlythe 3\_\_\_\_\_\_\_ for the rights of each individual; it does not getinvolved in the day-to-day 4\_\_\_\_\_\_\_ of firms and households.This means that capitalism allows people the 5\_\_\_\_\_\_\_ tocreate and accumulate wealth through individual effort. | COMPLETEGOVERNPROTECTRUNFREE |

**GRAMMAR**

**5. Choose the best answer A, B or C from the list to complete the text.**

Since the beginning of this year unemployment1 \_\_\_\_\_\_\_ from 2.5 million to

1.8 million, and 2\_\_\_\_\_\_ below 1.5 million by the end of the year. This

definitely 3 \_\_\_\_\_\_\_ good news for the government as unemployment

4\_\_\_\_\_\_\_ a very important issue in the country at the moment. By the time of

the next election unemployment 5 \_\_\_\_\_\_\_ below I million – it all depends

on the world economy and is impossible to predict with any certainty.

Unfortunately inflation 6 \_\_\_\_\_\_\_ steadily. It 7\_\_\_\_\_\_\_ 6% by the end of

the year. However, the government 8 \_\_\_\_\_\_\_ take panic measures as

inflation is similar to that of its trading partners and 9\_\_\_\_\_\_ to levels of the

1980s when rates of 30 % or 40 % a year 10 \_\_\_\_\_\_\_ quite common.

|  |  |  |
| --- | --- | --- |
| **1A** fell  | B will fall  | C has fallen |
| 2 A will probably drop  | B will be dropping  | C drops |
| 3 A will not  | B won’t be  | C will be |
| 4 A is  | B are  | C is being |
| 5 A even might have fallen  | B might even fall | C might even be falling |
| 6 A goes up  | B will go up  | C is going up |
| 7 A is certainly reached  | B will certainly be reaching  | C will certainlyreach |
| 8 A is not going to  | B goes | C is going |
| 9 A unlikely will bereturn | B will unlikely return | C is unlikelyreturned |
| 10 A were  | B was | C did |

**6. Translate into Russian.**

1. The science of economics studies business, production, trade, inflation,

unemployment and the decisions that we, governments and companies

take every day.

2. While microeconomics studies how companies and households run their

business, macroeconomics looks at the economy of a country as a whole.

3. Economic resources include both material things such as raw materials,

housing and others, as well as non-material things, for example, time.

4. Every day we make many decisions and each is a trade-off between

different resources.

5. Economists collect data and on the basis of this data they create economic

models.

6. Economic models show relationships between different processes in the

economy.

7 Adam Smith, 'the father of modern economies', considered that a nation's

wealth depended on its ability to produce goods.

7. Writing.

Using a business letter format write a letter to Fidelity asking for a free

colour brochure, price-lists and samples of their leaflets. Also ask whether air

freight can be arranged to your country. (Use your own name and company

and the current date.)