

## Economics

Economics (from the Greek "household management") is a social science that studies the production, distribution, trade and consumption of goods and services.

Economics, which focuses on measurable variables, is broadly divided into two main branches: microeconomics, which deals with individual agents, such as households and businesses, and macroeconomics, which considers the economy as a whole, in which case it considers aggregate supply and demand for money, capital and commodities. Aspects receiving particular attention in economics are resource allocation, production, distribution, trade, and competition. Economic logic is increasingly applied to any problem that involves choice under scarcity or determining economic value. Mainstream economics focuses on how prices reflect supply and demand, and uses equations to predict consequences of decisions. The fundamental assumption underlying traditional economic theory is the utility-maximizing rule.

Economy is an important part of consumer society. People are always in need of something: clothes, food, cars, furniture. And when this consumer need reaches larger or global scale, economy can solve the problem.

Possible ways to satisfy these needs are called the resources. For example, to build a new house one needs wood, stones, tools, electricity, etc. In fact, these resources are not limitless as people might think. World factories need countless resources to exist, but to keep the balance they sometimes need to refuse using some of them. This is another task for economy: to calculate which things are more crucial in certain situations for cutting the expenses. The word "economy" originated from Greek word «oikonomia» which means "household management". Gradually the notion of the term expanded and today it has global meaning.

Some people confuse the term "economy" with "economics". The first means the economic life of the country with its factories, plants, enterprises, roads, stores, etc. The second is a social science which studies the economy. One of the most common definitions of economics is a study that helps people to make choice of manufactured goods, which meets their current and future needs, having limited resources. Each country has a different capacity of resources, however, they are always limited. The main types of resources are:

- Natural resources (water, soil, forests, fossils, etc.)
- Labor resources (people with certain skills and knowledge)
- Manufactured resources (the result of man's work: tools, computers, equipment, buildings, vehicles, etc.)

Modern economy is so sophisticated that no one has to multi-task. Every person can work only on one task and then share or exchange it with others. Of course, this exchange isn't straight forward. It goes through an established and complicated system of goods' distribution from manufacturers to consumers. Modern communication tools play the leading role in this process. This includes media resources, different types of advertising, phone calls and Internet connection.

The question now is how the goods are bought. Today, for buying them people need money, while at ancient times they simply used to exchange the goods.

Market has become the place, where people exchange goods for money. The benefits of market are obvious. First of all, it's a face-to-face bargain, during which everyone stays satisfied. Secondly, market stimulates competition among the sellers and manufacturers, which often improves the quality of goods.

### Explanatory Dictionary

№	Terms	Explanation
1	economics	is a social science that studies economics, national economy and economic life
2	household	a subject of household chores, a house and its occupants regarded as a unit
3	management	the process of dealing with or controlling things or people
4	distribution	the action of sharing something out among a number of recipients
5	trade	a basic economic concept involving the buying and selling of goods and services
6	consumption	the action of using up a resource, using, buying or eating something
7	measurable variable	the variable that is measured in an experiment
8	microeconomics	a branch of economics that studies individuals, households and firms' behavior in decision making and allocation of resources
9	macroeconomics	a branch of economics that studies how an overall economy—the market or other systems that operate on a large scale—behaves
10	aggregate supply	the total supply of goods and services produced within an economy at a given overall price in a given period
11	supply	a stock or amount of something supplied or available for use
12	demand	the quantity of a good that consumers are willing and able to purchase at various prices during a given period of time

13	commodity	a raw material or primary agricultural product that can be bought and sold, such as copper or coffee
14	resource allocation	a plan for using available resources, for example human resources, especially in the near term, to achieve goals
15	production	the action of making or manufacturing from components or raw materials
16	competition	an event or contest in which people take part in order to establish superiority in a particular area
17	scarcity	a lack of human and nonhuman resources, deficit, shortage of required goods
18	economic value	the value that person places on an economic good based on the benefit that they derive from the good
19	mainstream	the body of knowledge, theories, and models of economics
20	assumption	a thing that is accepted as true or as certain to happen, without proof
21	economic theory	a set of ideas and principles that outline how different economies function
22	utility-maximizing rule	the situation when consumers decide to allocate their money incomes so that the last dollar spent on each product purchased yields the same amount of extra marginal utility