

## Product – Worksheet 1

### 1.1 Reading

#### DEFINITION

There are two ways we can understand the term *product*. First, we can mean product as **goods** or a **commodity**. In that case, it is any object or service that **is produced to satisfy the needs** of buyers.

Secondly, we speak about the product as an economic category. By that we mean the **production** (the **output**) of all economic subjects in a country. In this sense, we speak about five types of product:

#### I GROSS NATIONAL PRODUCT (GNP)

It is the **total money value** of all **final products** and services produced by a country's **factors of production** and sold at the market in a given time period (usually 1 year). It is the **total production** of all firms of one country – the firms are both within the country and abroad (e.g.: all Czech firms in the Czech Republic + abroad).

#### II GROSS DOMESTIC PRODUCT (GDP)

It is the total value of final products and services produced by both **domestic** and foreign **firms** within the borders of a country in one year (e.g.: all Czech + **foreign firms** in the Czech Republic). GNP and GDP are used to measure the prosperity of a country.

#### III NET NATIONAL PRODUCT (NNP)

It is GNP minus **depreciation** of **capital goods**.

#### IV NOMINAL GNP

It shows the **present value of output** during a given year using the **current market prices**. It is good for comparing the outputs of different world economies.

#### V REAL GNP

It **measures** the value of output in two or more different years by valuing the goods and services minus **inflation**.

### 1.2 Find in the text and translate.

- |                                   |  |
|-----------------------------------|--|
| 1 konečný výrobek .....           | 11 vyrobený, aby uspokojil potřeby ..... |
| 2 domácí firmy .....              | 12 HDP .....                             |
| 3 celková výroba .....            | 13 zboží .....                           |
| 4 komodita .....                  | 14 čistý národní produkt .....           |
| 5 znehodnocení .....              | 15 výrobní faktory .....                 |
| 6 výroba, objem výroby (2x) ..... | 16 kapitálové statky .....               |
| 7 hrubý domácí produkt .....      | 17 měřit .....                           |
| 8 reálný národní produkt .....    | 18 aktuální hodnota výroby.....          |
| 9 celková peněžní hodnota .....   | 19 inflace .....                         |
| 10 zahraniční firmy.....          | 20 aktuální tržní ceny.....              |

### 1.3 Complete prepositions.

AS, IN, BY, ABOUT, WITHIN, OF, AT, BOTH...AND, DURING, FOR

- |                                       |  |
|---------------------------------------|--|
| 1 it is sold ..... the market         | 6 production ..... the border of a country |
| 2 ..... that we mean the production   | 7 ..... that case                          |
| 3 firms are ..... Czech ..... foreign | 8 total production ..... one year          |
| 4 total value ..... final products    | 9 nominal GNP is good ..... comparing      |
| 5 product ..... a commodity           | 10 we speak ..... five types               |

### 1.4 Translate.

- Rozlišujeme dva významy slova produkt: konkrétní výrobek nebo celková výroba země.
- HNP ukazuje celkovou hodnotu konečných výrobků a služeb vyrobených všemi výrobními faktory daného státu.
- HDP ukazuje celkovou hodnotu výroby dané země bez ohledu na to, jestli výrobci jsou českého nebo zahraničního původu.
- Nominální HNP ukazuje aktuální hodnotu výroby všech výrobních faktorů státu za daný rok.

## Product – Worksheet 2

### 2.1 Reading

#### FACTORS OF PRODUCTION

They are all resources which are used in **the process of production** of **utility goods**. We speak about three groups.

##### I LAND

That means various types of **natural resources** such as oil, water, air, fossil fuels and minerals that are used in the process of making products.

##### II LABOUR

It is **human effort** used in the process of production. It does not only include physical and intellectual work of a person but also abilities, skills, knowledge, talents, **qualifications** and **work experience**.

##### III CAPITAL GOODS

These are **human-made goods** which are used for the production of other goods. They include **machinery**, tools and buildings.

#### PRODUCTION POSSIBILITY FRONTIER

It shows different quantities of two products that an economy can efficiently produce with **limited resources** which are needed for the production. An economy of a country reaches PPF when it produces effectively, that means when it cannot increase production of one product without reducing production of another.

#### ECONOMIC GROWTH

It is the increase in value of goods and services produced by an economy. When a country produces more, people have a better standard of living.

#### BUSINESS CYCLE

The cycle shows fluctuations of economic activity over a given time period. It shows when the economy of the country grew or when it stagnated or when the production decreased.

### 2.2 Find the words in the text.

- |                              |                                      |
|------------------------------|--------------------------------------|
| 1 statky .....               | 9 pracovní zkušenosti .....          |
| 2 lidská práce, námaha ..... | 10 výrobní faktory .....             |
| 3 proces výroby .....        | 11 omezené zdroje .....              |
| 4 kapitál .....              | 12 práce .....                       |
| 5 odbornost.....             | 13 lidmi vyrobené prostředky.....    |
| 6 hospodářský cyklus .....   | 14 hranice produkčních možností..... |
| 7 strojní vybavení.....      | 15 ekonomický růst .....             |
| 8 půda .....                 | 16 přírodní zdroje .....             |

### 2.3 Use the verbs in the right form to complete the phrases.

USE, PRODUCE, INCLUDE, REACH, INCREASE, REDUCE, STAGNATE, DECREASE

- Manufacturers ..... various types of goods because they want to satisfy the needs of their customers.
- When the business cycle ..... its top, it shows the moment of country's prosperity.
- The economy of a country always ..... when there is a war or some long-term political conflict.
- Natural resources ..... in the process of production of goods and services.
- Labour ..... human effort, talents, abilities, knowledge and work experience.
- A product is produced effectively when we do not need to ..... the production of another product.
- The firm ..... its production of sport wear next year because it managed to find new customers.
- The company ..... the number of its employees because of less work and profit.

## Product – Worksheet 3

### 3.1 Reading

#### INVESTMENTS

They are **utility goods** which are produced not to be **consumed** but to be used for further production (e.g.: equipment, machinery, buildings).

#### SAVINGS

They represent the **income** that is not used to **purchase goods** or services right at the moment but it is **saved for future use**. Savings may be **invested** some day in the future to purchase some machinery which a company needs to produce its goods that is why savings are closely related to investments.

#### RETURNS

They show the **quantitative difference** between **inputs and outputs of the production** process. Manufacturers want to produce with as little costs and resources as possible and make as much profit as possible.

#### UNDERGROUND ECONOMY

Underground economy, or black market, is the part of country's economy where goods and services are traded but taxes are not paid from incomes which affect the whole production and economic system of the state. Underground economy includes **unreported incomes** from both legal (home performed services – cooking, ironing, babysitting, etc.) and **illegal activities** (organized crime, drug selling, unreported income in order to avoid taxation, etc.) The market includes not only trade in legal goods and services but also **illegal commerce**, such as drugs, prostitution and gambling.

### 3.2 Find the words in the text.

- 1 statky .....
- 2 úspory .....
- 3 vstupy a výstupy výroby .....
- 4 spotřebovat .....
- 5 šedá ekonomika .....
- 6 investovat .....
- 7 příjem .....

- 8 investice (sg.) .....
- 9 nelegální činnosti .....
- 10 ušetřit pro budoucí užití .....
- 11 výnosy, návraty investic .....
- 12 nezákonný obchod .....
- 13 koupit zboží .....
- 14 utajené příjmy .....
- 15 rozdíl v množství .....

### 3.3 Change the word in the brackets to complete the sentences.

- 0 Purchasing machinery is an .....*investment* ..... (INVEST) of profits in equipment needed for the production of goods.
- 1 Goods ..... (PRODUCTION) in order to satisfy the needs of consumers.
- 2 In a black market, goods are traded ..... (ILLEGAL).
- 3 Returns show the ..... (DIFFERENT) in quantity between inputs and outputs.
- 4 ..... (PROSTITUTE) is an illegal activity.
- 5 Producers make goods of daily ..... (CONSUME).

### 3.4 Answer the questions.

- 1 What are *savings*? What do companies use them for?
- 2 What are *investments*? Why are they an important part of capital of a company?
- 3 Why is underground economy unwanted feature of a country's economy? What do countries do to prevent it?
- 4 What do you think about not reporting incomes from legal activities (building jobs, giving extra lessons, etc.)?