

U25 The Business Cycle

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Complete the sentences with the appropriate forms of the following words or phrases:

stock cycle; (to) replace investment; overmuch; to the full; an overreaction

1. When demand pressure is very strong, that is companies are running at very high levels of capacity, they're using their plant, they tend to invest, and if demand weakens a little bit, you have in investment (people stop investing completely), that feeds right back into, and pushes the economy down from a high level. It may stay at the low level until companies have to invest, rather than investing to increase capacity.

Complete the sentences with the appropriate translations of the following words or phrases:

postavit na hlavu; nehnát/nepopohánět; nedostatek (pl) určitých komodit

2. This theory in the 1970s and 1980s when there were two cycles in the industrialized world that investment but by, especially oil.

Complete the sentences with the appropriate forms of the following verbs and add suitable prepositions where necessary:

take; do; shape; exacerbate; recover; raise; come

3. But you can have a cycle driven by overinvestment. This happened in the 1980s as a result of financial deregulation and the expectations of very strong growth by the single market in the European community. Then the shock of German reunification interest rates. Demand fell away sharply and so investment. It the following recession and it the economy three or four year the overinvestment cycle.

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Complete the sentences with the appropriate translations of the following words or phrases:

1. (uskutečňující se na základě určitého přesvědčení; 1 word)

People's expectations of future development become

2. přirozená tendence vrátit se do (stavu) rovnováhy

According to classical economists takes a very long time to happen.

3. točit se kolem

Keynes's theory really making the natural processes that bring the economy back towards equilibrium work rather more quickly.

U26 Keynesianism and monetarism

Which economic phenomenon is mentioned in the introduction?

The major economic argument for the past sixty years or so has been whether governments can effectively intervene in the business cycle and move economies away from recessions more quickly than would otherwise happen. Many economists argue that any government intervention in the business cycle merely worsens the situation. If the government borrows and spends money, it leaves less money available for the private sector to borrow for new investments, and possibly raises interest rates. Economists call this It also creates a debt that will have to be repaid at some stage. Furthermore, the positive

effects of government spending will quite likely occur too late, when the economy is already on an upswing.

(Source: English for Business Studies, Teacher's Book, p. 129)

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Complete the sentences with the appropriate translations of the following words or phrases and add suitable prepositions where necessary:

1. podpořit/vzpružit domácí poptávku; projevit se na hospodářství díky multiplikačnímu efektu (to feed)

The traditional Keynesian theory suggested that if you increased your budget deficit, you could, which would

2. opatrný/bezřetný; zvednout úrokovou míru; vytáhnout hospodářství z recese
Keynesians are much more it today and they recognize that if you increase your fiscal deficit because you and make it more difficult for businesses to invest, it's very hard for the government acting alone

3. zbavit se; naprosto/úplně; plošší; zdůraznit

Keynesian theory doesn't argue that it can the business cycle but that it can make it a little bit The monetarist theory tends to argue that because monetary policy acts in an extremely powerful way, then if you use interventionist policy you may actually cycles, i.e. make them worse.

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Complete the sentences with the appropriate translations of the following words or phrases:

1. vzájemná kompenzace/"výměnný obchod"

In the long run there is very little between inflation and unemployment.

2. vést/řídít/spravovat s cílem udržet inflaci

In fact, most of the industrialized world relatively low and stable.

3. chyba/závada/nedostatek; trvalým udržováním hospodářství mírně pod úroveň potenciálního produktu; nabídková strana ekonomiky; simultánně

According to K. Barker there is a bit of in this theory because it's perfectly possible to keep inflation low and stable which would use up all the resources, which is fine if the only goal is inflation. If you, however, have concerns about the social costs then you have to solve this problem but not by letting inflation increase. The way to solve this is by improving, by raising your level of capacity, or by raising the quality and qualifications of your workforce, so that you can keep inflation low and allow unemployment to fall.

Translate:

autokorekční mechanismus	
nedokonalé informační toky	
vnitřně nestabilní	
rovnováha s vysokou nezaměstnaností neucítilého trvání	