

free enterprise economy

free enterprise economy, also called The capitalist economic system is a politico-economic mode of production in which all decision on the management of the community are made by individuals this type of economy is based on the following criteria.

- Private property, i.e, private ownership and control of the means of production.
- Private profit, i.e, creation of economic activities by individuals in order to make more profit.
- Creation of market structure which regulates these economic activities.
- Laissez-faire principles which lead to competition between the different supplies of goods and services.

In this mode of production, the state does not intervene in other economic sphere. Its role is supportive rather than interventionist. In other words, the state seeks to provide the conditions which are necessary for the economic framework to prosper.

In the later forms of capitalism, the role of the state has become more influential and significant, in the sense that it attempts to control the economy. The aim of such interventions is to create stability and to protect local capital.

Questions :

❖ Part one :

1/Answer the following questions :

1- What is the capitalist economic system?

.....

2- What are the main characteristics of this type economy?

.....

3- What is the role of the state in the earlier form of capitalism?

.....

4- What is the role of the state in the later form of capitalism?

.....

5- Why does the state control the economy?

.....

2/ say whether the following statements are true or false. Put (T) for true statements and (F) for false statements.

- 1- The capitalist economic system is based on liberal principle.
- 2- The owners of capital always seek to provide the necessary condition for them to make more profit.
- 3- In the capitalist economic system, the workers control the means of production.
- 4- In the capitalist economic system, the workers control the political and economic framework.
- 5- The role of the state in " pure" capitalism into intervene in the economic sphere.

❖ Part two :

Find in the text words that are closest in meaning of the following words.

- Ownership =
- Company =
- Criteria =

Find in the text words that are opposite in meaning of the following words.

- General ≠
- Group ≠
- early ≠

Give the meaning of the following words in Arabic.

- Production →
- Ownership →
- Property →
- ➤Means →

The definition of some business terms

Elasticity of supply and demand

Elasticity of supply : responsiveness of output to change in price ; computed as the percentage change in the quantity supplied divided by the percentage change in the price. Supply is said to be elastic(inelastic) if the elasticity exceeds (is less than 1) . the more elastic supply is, the more will change in price increase production.

Elasticity of demand : responsiveness of buyers to changes in price, defined as the percentage change in quantity demanded divided by the percentage change in price. Demand for luxury items may slow dramatically if prices are raised, because these purchases are not essential and can be postponed.

Employment agency: public or private organization providing employment services for those seeking employment as well as for potential employers seeking employees. Public agencies provide a wide range of services, most of which are supported by employer contributions to state unemployment funds. Private agencies play a major role in recruiting professional and managerial candidates.

Enterprise business firm: the term often is applied to a newly formed venture.

Entrepreneur: individual who initiates business activity. The term is often associated with one who takes business risks.

Estimate :

- 1- To approximate
- 2- In statistics, single value (point) or interval (range) of an unknown population parameter based on a sample of the population .

Leadership : upper level of management that provides vision and direction for the company.

Liquidity : ability for individual or company to convert assets into cash or cash equivalents without significant loss.

Macroeconomics: study of the aggregate forces of a nation's economy as a whole. Using such data as price levels, unemployment, inflation, and industrial production.

Market : public place where products or services are bought and sold , directly or through intermediaries ; also called marketplace.

5) Complete the table with suitable words.

verb	noun	adjective
To finance		
	leadership	/
/		accurate
	consumption	/
to Inflate		/

6) Exercise.

This table gives to you informations about import and export goods of country X .
(numbers in 10^7€)

Import .G	80	82	115
Export .G	230	117	65
years	2009	2015	2013

1)What is the result of the balance of trade for the country X in 2009

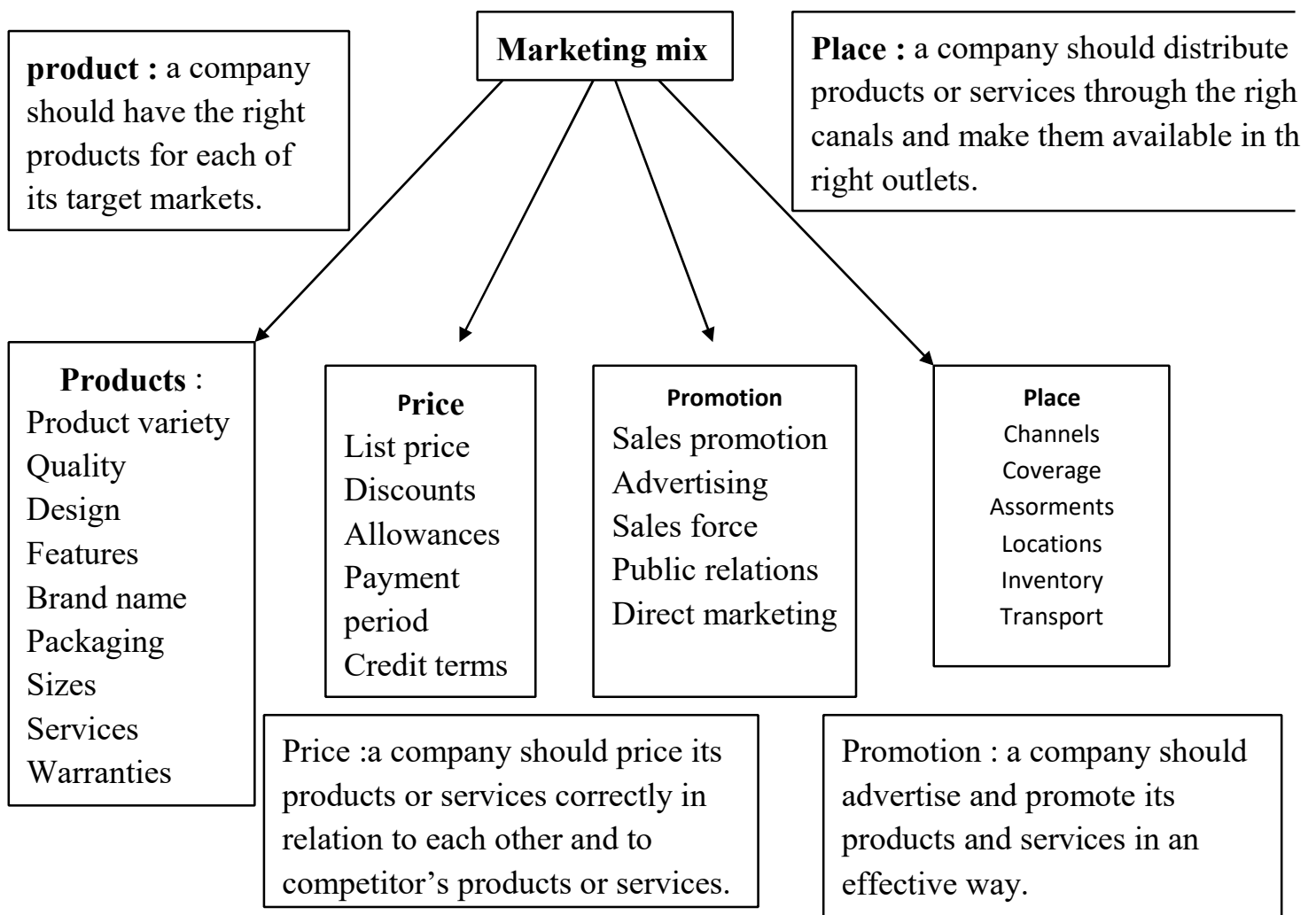
.....

2) draw the graph which shows the evolution of the balance of trade for this country.

Marketing Concepts

The four Ps and the four Cs

The four Ps : **product, price, promotion ,place** is the mixture of marketing activities a company uses when planning the products or services it will make and sell. It is often referred to as the **marketing mix**, which was described by Philip Kotler in his book Marketing Management as " the set of tools a firm uses to pursue its marketing objectives in the target market".



The Marketing mix can be expressed in terms of the four Cs :

Customer solution : a company should find a solution to a customer's problem by offering the correct product or services, or combination of them, to satisfy particular customer needs.

Customer cost : the price paid by the customer for the product.

Convenience : companies should distribute and make available products and services in the way that are most convenient for each type of customer.

Communication : a two-way process in which customers obtain information about a product or service through advertising and a company receives feedback from customers which can then be used to improve its products and services. The

four Ps describes a marketing strategy from the point of view of the seller, the four Cs expresses it from the point of view of the buyer.

(the four Cs were put forward by Robert Lauterborn in " new marketing litany : 4 P's passé, C-Words take over" . Advertising Age,Cct 1,1990.

Exercise A :

- Which of the 4 Ps does each of these examples refer to?
1. A phone company decides to use name for all of its services- land lines, mobiles , and high –speed internet access.
 2. An electronic retailer makes all its products available in its stores or on-line.
 3. A chemical company pays a specialised firm to talk to journalists about what it is doing to protect the environment.
 4. A food-processing company increases the number of its products available as individual portions in response to a rise in the number of people living alone.
 5. A car manufacturer arranges with suppliers to deliver parts just before they are needed in production.
 6. A clothes retailer allows customers to bring back items for a refund for up to two weeks after purchase.
 7. A company reduces the time that customers can pay from 60 to 30 days.

Exercise B :

- Which of the four Cs of these customers referring to ?
1. " I like the way the call centre staff were so helpful
-They politely answered all my questions" .
 2. " My bank has a good branch network and there's one very near where i work. It's good not to have to travel across town to get to one".
 3. " I wanted something that would allow me to read my email and make phone calls ."
 4. " The airline's fares are so low that i make trips that i would never have made before".

Documentary credits

A company which sells goods or services to other countries is known as an exporter. A company which buys products from other countries is called an importer. Payment for imported products is usually by documentary credit. This is a written promise by a bank to pay certain amount to the seller, within a fixed period, when the bank receives instructions from the buyer.

Documentary credits have a standard form and are usually irrevocable, meaning that they can't be changed unless all the parties involved agree. Irrevocable credits guarantee that the bank which establishes the documentary credits will pay the seller if the documents are presented within agreed time.

Bill of exchange

Another method of payment is a bill of exchange. This is a payment demand, written or drawn up by an exporter, instructing an importer to pay a specific sum of money at a future date. When the bill matures, the importer pays the money to his bank, which transfers the money to the exporter's bank. This bank then pays the money to the exporter after deducting its charges.

A bank may agree to endorse a bill of exchange before it matures. To endorse a bill is to guarantee to pay it if the buyer of goods does not. If the bill is endorsed by well-known bank, the exporter can sell it at a discount in the financial markets. When the bill matures the, the buyer receives the full amount. This way the exporter gets most of the money immediately, and doesn't have to wait for the buyer to pay the bill.

Questions

1) *suggest a title to the text:*

2) *supply the synonym of the following words:*

* Get=

* articles=

* Often=

* order=

3) *give the opposite to the following words:*

* after ≠

* importer ≠

* purchase ≠

* lose ≠

4) *evaluate the following statements with true or false*

- With documentary credit, the buyer tells the bank when to pay the buyer.
- Documentary credits are only valid for a certain length of time.

- With a bill of exchange, the seller can get most of the money before the buyer pays.
- An exporter usually has the right to change the documentary credit.
- Bills of exchange are sold at less than 100%, but redeemed at 100% at maturity.

5) put these events in the correct order.

A bank accepts or endorses the bill of exchange

The accepting bank pays the full value of the bill to whoever bought it.

The exporter sells the bill of exchange at a discount on the money market.

The importer receives the goods and pays his bank.

The importer's bank transfers the money to the accepting bank.

The seller or exporter writes a bill of exchange and sends it to the importer.

1 →	2 →	3 →	4 →	5 →	6 →
-----	-----	-----	-----	-----	-----

6) attach the concept with it's definition using an arrow(→).

Concepts	definitions
- Sluggish	-Quit a job suddenly.
-Unit cost	-given money to someone else.
-resign	-when business is slow.
-supply	-the whole quantity of product available market.

* From these two words choose one and put it in useful sentence.

1- salary 2-target ...according to your choice.