

USAGE OF ECONOMICAL WORDS IN THE ENGLISH LESSONS

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Annotation. **The economy** is a very popular topic that is in the news every day. Being able to speak about **the economy** will help you improve your fluency and conversation skills in English.

Key words: economy, theory, capital, word, study

Использование экономных слов на уроках английского языка

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Аннотация. Экономика — очень популярная тема, которая каждый день появляется в новостях. Возможность говорить об экономике поможет вам улучшить беглость и разговорные навыки на английском языке.

Ключевые слова: экономика, теория, капитал, слово, исследование.

Economists play an important role in studying the distribution of resources and societal outcomes. These professionals provide valuable insight into major economic trends, consumer behavior, financial market developments and employment matters.

If you're an aspiring economist or a professional in a related field seeking to develop a basis of economic knowledge, it may be helpful to review a few essential economic theory types. In this article, we outline what an economic theory is and explain 11 of the most commonly applied economic theories.

An economic theory is a set of ideas and principles that outline how different economies function. Depending on their particular role, an economist may employ theories for different purposes. For instance, some theories aim to describe particular economic phenomena, such as inflation or supply and demand, and why they occur.

Other economic theories may provide a framework of thought that allows economists to analyze, interpret and predict the behavior of financial markets, industries and

governments. Often, though, economists apply theories to the issues or occurrences they observe to glean useful insight, provide explanations and generate potential solutions to problems.

Supply and demand is a theory in microeconomics that offers an economic model for price determination. This theory states that the unit price for a good or service may vary until it settles at a point of economic equilibrium, or when the quantity at which consumers demand a good equals the quantity at which a consumer supplies it.

For example, as the supply of a good or service decreases and consumer demand persists, the price of it may skyrocket—in this case, the demand is greater than the supply.

Classical economics is an area of thought established by early economists and political thinkers Adam Smith, John Stuart Mill and others. The primary theory of classical economics states that market economies are, by definition, self-regulating systems that are ruled by the laws of production and exchange.

With this basis, Smith also introduced the invisible hand, a metaphorical concept and justification for free markets that implies individuals acting within their own self-interests generate social benefits and the public good.

Keynesian economics consists of multiple macroeconomic theories and models that offer explanations for how aggregate demand—the entirety of an economy's spending—impacts phenomena like economic output and inflation.

The central idea of Keynesian thought is that aggregate demand doesn't inherently equate to the productive capacity of an economy, but rather that a variety of factors, both public and private, determine it. With this, Keynesian economical methods support a system in which fluctuations in aggregate demand can lead to changes in employment and output, but not prices.

Malthusian economics refers to the idea that, while population growth may be exponential, the growth of food supply and the supply of other resources is linear. This theory states that when a population grows over time and outpaces a society's ability to produce resources, its standard of living may reduce and trigger a large depopulation event.

With this, Malthusian economics supports population control efforts to avoid unchecked growth rates. Various schools of thought have largely discredited Malthusianism as it relates to agricultural production, but discourse around environmental degradation, resource depletion and scarcity persists.

Marxism is a type of socioeconomic theory that interprets capitalism's impacts on an economy's development, labor and productivity. This theory posits that a capitalist society comprises two socioeconomic classes—the bourgeoisie, or the ruling class, and the proletariat, or the working class. In Marxism, the bourgeoisie controls the means of production and the proletariat owns the labor that produces economic goods with value.

With this, the bourgeoisie's motivation lies in deriving the most work from the proletariat while paying the least amount possible in wages, creating an exploitative economic balance. Marxist economists argue that this inequality may lead to revolution.

Laissez-faire is a theory of free-market capitalism directly opposed to government intervention such as regulation, subsidies, minimum wages, trade restrictions and corporate taxes. This theory states that economic prosperity is more obtainable in systems that governments "leave alone"—the direct translation of the French term laissez-faire.

Economists that adhere to this theory argue that economic competition instills self-regulation that doesn't necessitate federal involvement. Laissez-faire capitalists promote this theory as a pathway in achieving economic prosperity, but it provides no inherent protection for vulnerable populations.

Market socialism, often called liberal socialism, is a theory that proposes the creation of an economic system that incorporates elements from both socialist planning and free enterprise. In a market socialist system, capital is owned cooperatively, but market forces define production and exchange rather than government oversight. Different market socialist models direct the profit generated by socially owned firms toward varying channels, such as employee remuneration, public financing or a social dividend.

Monetarism is a macroeconomic theory that promotes the idea that governments can achieve economic stability by controlling monetary supply. The key principle of monetarism is that the total amount of money circulating in an economy is the main factor that determines its growth.

Monetarism greatly relies upon the quantity theory of money, a concept that also exists as a part of Keynesian economics, which posits that money supply (M), multiplied by velocity (V)—the rate at which an economy exchanges money each year—equals its nominal expenditures. Therefore, the money supply is a determinant of employment, inflation and production rates.

The tragedy of the commons is a theory that explains an economic problem relating to the consumption of resources and the over-exploitation of resources unregulated by formal governing bodies. This theory states that individuals who have unrestricted access to a resource are likely to act within their own self-interest and, through collective action, may deplete the resource in its entirety.

For such a problem to occur, a resource must be scarce by nature. This theory has contributed to discourses surrounding sustainable development practices, environmental protection and regulation of open-access resources, such as fisheries and forests.

New growth theory states that human desire drives perpetually increasing rates of productivity and continued economic growth. A key idea behind new growth theory is the assumption that competition flattens profit and forces people to seek better, more efficient methods of doing things to maximize their potential to earn profit. Therefore, this theory centers on entrepreneurship, knowledge, innovation and technological advancement as the impetuses behind economic growth.

A moral hazard is an economic phenomenon observed throughout systems in history in which parties enter contracts in bad faith. Moral hazards often occur when an entity, such as a corporation, increases its exposure to risk during a transaction to maximize profit because the entity may not have to endure the consequences of taking on that risk.

In such a situation, the other party of the transaction typically bears the costs of that risk. The term moral hazard originates from the idea that a party makes the previously described decision to enjoy the highest level of benefit without moral considerations.

Literature

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