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ENGLISH FOR ECONOMICS



FOREWORD

The textbook *English for Economics* has been prepared for the students in the Department of Economics to develop their academic reading and writing skills.

The aim of the textbook is to help the student who is taking an Intermediate English for Economics course. In general the textbook is based on the third edition of *Economics* by Stiglitz, E.J. and Walsh, E.C., and it can be used as a supplement, not as a substitute.

Each unit was designed for the student to read and study after reading the corresponding unit in the textbook. Each unit deals with economic development issues and it is divided into two sections with specific vocabulary on the same topic, but it does not repeat the content and it also includes an article adapted from *The Economist*.

As the students' level of English is intermediate they do not need to spend a lot of time learning more vocabulary and grammar. What they really need is to develop their ability to combine words, many of which they already know, into expressions which are basic to English for economics.

At the end of the textbook, there is a glossary and a list of abbreviations, relevant to the study of economics, as well as an answer key.

The book can be used on an individual basis, but for many activities it is clearly necessary a group of students.

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ACKNOWLEDGEMENTS

The material in this textbook has been adapted and sometimes completely rewritten to make it accessible to students with intermediate proficiency in English. During this process, I have attempted to maintain the integrity of the economics concepts and language as far as possible. In this regard, I am very grateful for the help given by my colleagues of the Department of Economics. I would also like to thank Virginia Barghiel for her constant encouragement and support. Without her support, the development of these materials would not have been possible.

The purpose of this course is to give practice in writing and reading Academic English that is commonly used in economics studies.

Each unit provides a comprehensive overview and general introduction to the subject. Each unit is divided into two lessons. **Lesson 1** consists of a shorter, introductory text on the unit topic. **Lesson 2** consists of an article adapted from *The Economist* with more detailed text on the same topic, but this does not repeat the content of **Lesson 1**.

Selections for further reading, list of abbreviation and glossary appear at the end of the book, together with an answer key.

The book can be used on an individually basis if desired, but for the discussion activities it is clearly necessary for several students to be involved

UNIT ONE BASIC ECONOMICS

MAJOR PURPOSE

The major purpose of this chapter is to introduce some of the *great economists' thoughts* and to provide an overview of a few *economic concepts*. It also gives you the necessary vocabulary and economic language for relevant *economics concepts*.

LEARNING OBJECTIVES

At the end of this chapter you should be able to

- Define economics.
- Describe, in broad terms, some economic concepts such as *public welfare*, *laissez-faire* and *life-cycle hypothesis*.
- Discuss some economic terms as *income*, *inflation*, *deflation*, *recession*, *poverty* and *profits*.
- Introduce the vocabulary about *numerical data in charts, tables or graphs*.

LESSON 1 - Economic Concepts

1. **Economics** is a social science that involves the study of human behaviour and analyzes production, distribution and consumption of goods and services. Economics is concerned with the efficient use or management of limited productive resources to achieve maximum satisfaction of human material needs and wants.
2. **Microeconomics** examines the behavior of basic elements in the economy and aims to discover and explain the basic economic concepts and laws that govern economic life.



Microeconomics deals with specific economic units and a detailed consideration of these individual units. It helps us to find answer to questions such as: Why are some people richer than others? Why is poverty in the world? Why is unemployment in the world?

3. **Macroeconomics** studies the economy as a whole and the basic subdivisions such as the government, household and business sectors making up the economy. It analyzes the entire economy and addresses questions as: How can government reduce inflation? How can government reduce the rate of unemployment? What should do an individual to avoid Unemployment? How can individuals increase their income? How businesses can increase its profits?
4. **Microeconomics** and **Macroeconomics** go hand-in-hand. The distinction between the macro-micro as subject matters of economics does not mean that each topic can be labeled as “macro” or “micro”; many subdivisions of economics are rooted in both.
5. It studies how the economy works and it is often led by the desire to find solutions for economic problems such as recession and large scale unemployment. One of the most contested issues in the field of economics is the question of how much the government should intervene in the economy. In general, the government is motivated by the desire to promote the public welfare.
6. There are a variety of modern definitions of economics but a basic understanding of economics is essential. Economics is also vital in business. An understanding of the overall economic system enables the business executive to better formulate policies. Economics gives the individual as a consumer and worker insights on how to make wiser buying and employment decisions.
7. The economist ascertains and gathers facts relevant to specific economic problems. A survey done by the national Center for Research in Economic Education shows that economic illiteracy is widespread.
8. The philosopher Adam Smith (1776) attacked the governmental interventions in the economy and he considered it as being contrary to public interest. Smith conceived of the private economy as a self-regulating mechanism, and he argued that individuals by pursuing their own interests would regularly contribute to the common good. Smith considered there was no need for government interference to ensure things would come out all right.
9. After a century and a half, John Maynard Keynes (1883-1946) expressed his skepticism regarding Smith’s message of *laissez-faire*, as things were not coming out all right. In the 1930s was deep depression, with many people out of work and Keynes considered it was government’s responsibility to do something for that tragic situation. J.M. Keynes recommended that the government make expenditure on roads and other public works to provide

people with jobs. He argued that inadequate aggregate demand could lead to prolonged periods of high unemployment. He considered the use of fiscal and monetary measures to mitigate the adverse effects of economic recessions and depressions.

10. Franco Modigliani was a winner of Nobel Memorial Prize in Economics, in 1985 and the originator of the life-cycle hypothesis, which attempts to explain the level of savings in the economy. Modigliani proposed that consumers would aim for a stable level of consumption throughout their lifetime, for example by saving during their working years and spending during their retirement.

[adapted from *Economics. Principles, problems, and policies* by Cambell R. McConnell and Stanley L. Brue]

IMPORTANT TERMS

Economic indicator, inflation, deflation, recession, and poverty.

COMPREHENSION

1. Answer the following questions:

- a) Why do we define Economics as a social science that involves the study of human behaviour?
- b) What are the main domains that microeconomics deals with?
- c) What are the main domains that macroeconomics deals with?
- d) What is the general difference between microeconomics and macroeconomics?
- e) Give other two examples of economic issues that are primarily microeconomics and two examples that are primarily macroeconomics.
- f) What is the main idea of *laissez-faire*?
- g) What was *John Maynard Keynes*' main principle about government's responsibility?
- h) How did *Franco Modigliani* describe life-cycle hypothesis?
- i) Give other two examples of economists that influenced the world economy.

2. Look for the paragraphs where you can find the following definitions in the text:

- a) it is the provision of a minimal level of well-being and social for all citizens, sometimes referred to as public aid
- b) it examines the behavior of basic elements in the economy, aims to discover and explain the basic economic concepts and laws that govern economic life and deals with specific economic units.

c) it studies the economy as a whole and the basic subdivisions such as the government, household and business sectors making up the economy. It analyzes the entire economy.

VOCABULARY IN USE 1

1. Match the words in the left column with their definition from the right column:

- | | |
|-----------------|--|
| a. income | 1. Income not spent, or deferred consumption that includes putting money aside in a bank or pension plan, reducing expenditures, such as recurring costs. In terms of personal finance it specifies low-risk preservation of money, as in a deposit account. |
| b. profit | 2. The work in which one is engaged; occupation; activity to which one devotes time. |
| c. savings | 3. Money one earns by working or capitalizing off other people's work |
| d. employment | 4. Financial benefit that is realized when the amount of revenue gained from an activity exceeds the expenses, costs and taxes needed to sustain the activity. |
| e. unemployment | 5. The period of a person's life when he/she is no longer working, or the commencement of that period. Many individuals choose to start this period earlier or later due to personal or financial reasons. |
| f. retirement | 6. It occurs when people are without work and actively seeking work. |

2. Find the following definitions in the right paragraph of the text:

a) an inadequate demand for final goods and services in the economy at a given time and price level that could lead to prolonged periods of high unemployment.

b) fiscal and monetary measures that make less intense the adverse effects of economic recessions and depressions. _____

c) forcefully and contentiously encouraged the fact that individuals, by following their own interests, would regularly contribute to the good that is shared by the members of a given community. _____

d) plan consumption and savings behavior over the long-term and intend to even out consumption in the best possible manner over entire lifetimes. _____

VOCABULARY IN USE 2

Exercises

1. The following words are taken from the text:

economy, economic, economics, economist

Other words related to these are also in use:

economical, to economize, economically

N.B. *economic* and *economical* are both adjectives; *economic* is connected with trade and industry (economic geography) and it means profitable, *economical* means avoiding waste.

Use the words: *economy, economic, economics, economist, economical, to economize, economically* in the following sentences:

- a. The main concepts and laws that govern life.
- b. The most contested issue in the entire field of is the question of how much the government intervene in the
- c. In the words of the famous Alfred Marshall, is the study of people “in the ordinary business of life”.
- d. Many years of study proved that is not to run buses on Sundays.
- e. The government tariff on automobiles in order to cut expenditure.
- f. Recycling waste paper is an way of increasing and protecting the environment.



ATTENTION

economize, verb that means make economies, reduce expenditure, be economical.

e.g.: During the recession period companies reduce expenditure.

savings, noun usually in the plural that means money saved

e.g.: He has a lot of savings in different banks.

N.B. Mistakes are often made when pronouncing the above mentioned words. It is important to put the main stress and to emphasis the word. Study the list bellow and pay attention to the syllable with the main stress:

- a) **economy** **economist** **economize**
- b) **economics** **economic** **economical** **economically**

2. Decide which is the correct form of the words in each of the following sentences.

- a) Economic / economical growth is the increase in the productive capacity of the economy.
- b) Economists / Economics distinguish between Gross Domestic Product and Gross National Product