



Series Editor: Terry Phillips
Mark Roberts

English for **ECONOMICS** in Higher Education Studies

Course Book



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ECONOMICS

in Higher Education Studies

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Published by

Garnet Publishing Ltd.
8 Southern Court
South Street
Reading RG1 4QS, UK

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First published 2012

ISBN 978 1 85964 448 5

British Cataloguing-in-Publication Data

A catalogue record for this book is available from the British Library.

Production

Series editor: Terry Phillips

Project management: Claire Forsyth

Editorial team: Anne Abel-Smith, Penny Analytis, Claire Forsyth, Karen Kinnair-Pugh

Specialist review: Jim O'Hare

Design: Henry Design Associates and Mike Hinks

Photography: Sally Henry and Trevor Cook, alamy.com, clipart.com, corbis.com, gettyimages.com, greenpeace.org, london2012.com, nissanpress.co.uk, oxfam.org, unicef.org, wikipedia.org

Audio recorded at Motivation Sound Studios, produced by EFS Television Production Ltd.

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Printed and bound in Lebanon by International Press: interpress@int-press.com

Introduction

English for Economics is designed for students who plan to take an economics course entirely or partly in English. The principal aim of *English for Economics* is to teach students to cope with input texts, i.e., listening and reading, in the discipline. However, students will be expected to produce output texts in speech and writing throughout the course.

The syllabus focuses on key vocabulary for the discipline and on words and phrases commonly used in academic English. It covers key facts and concepts from the discipline, thereby giving students a flying start for when they meet the same points again in their faculty work. It also focuses on the skills that will enable students to get the most out of lectures and written texts. Finally, it presents the skills required to take part in seminars and tutorials and to produce essay assignments.

English for Economics comprises:

- student Course Book including audio transcripts and wordlist
- the Teacher's Book, which provides detailed guidance on each lesson, full answer keys, audio transcripts and extra photocopiable resources
- audio CDs with lecture and seminar excerpts

English for Economics has 12 units, each of which is based on a different aspect of economics. Odd-numbered units are based on listening (lecture/seminar extracts). Even-numbered units are based on reading.

Each unit is divided into four lessons:

Lesson 1: vocabulary for the discipline; vocabulary skills such as word-building, use of affixes, use of synonyms for paraphrasing

Lesson 2: reading or listening text and skills development

Lesson 3: reading or listening skills extension. In addition, in later units, students are introduced to a writing assignment which is further developed in Lesson 4; in later listening units, students are introduced to a spoken language point (e.g., making an oral presentation at a seminar) which is further developed in Lesson 4

Lesson 4: a parallel listening or reading text to that presented in Lesson 2 which students have to use their new skills (Lesson 3) to decode; in addition, written or spoken work is further practised

The last two pages of each unit, *Vocabulary bank* and *Skills bank*, are a useful summary of the unit content.

Each unit provides between 4 and 6 hours of classroom activity with the possibility of a further 2–4 hours on the suggested extra activities. The course will be suitable, therefore, as the core component of a faculty-specific pre-sessional or foundation course of between 50 and 80 hours.

It is assumed that prior to using this book students will already have completed a general EAP (English for Academic Purposes) course such as *Skills in English* (Garnet Publishing, up to the end at least of Level 3), and will have achieved an IELTS level of at least 5.

For a list of other titles in this series, see www.garneteducation.com

Book map

Unit	Topics
1 Economics in the modern world Listening · Speaking	<ul style="list-style-type: none"> • why economics is important • the role of economists • how economics shapes our lives
2 How economics is organized Reading · Writing	<ul style="list-style-type: none"> • divisions of economics • economic stakeholders • macro and microeconomics
3 Market economies Listening · Speaking	<ul style="list-style-type: none"> • market principles • concepts in markets • market equilibrium • marginality
4 Economics and technology Reading · Writing	<ul style="list-style-type: none"> • technology and economic change • the use of computers in economics and finance
5 Economics, globalization and sustainability Listening · Speaking	<ul style="list-style-type: none"> • the global economy • the role of foreign direct investment • emerging markets and comparative advantage • multinational corporations
6 Macroeconomics ... but microfinance! Reading · Writing	<ul style="list-style-type: none"> • growth • microfinance • fair trade • case study in microfinance
7 Saving, spending ... borrowing and lending! Listening · Speaking	<ul style="list-style-type: none"> • aggregate demand • expenditure • budget deficits
8 The economics of agriculture Reading · Writing	<ul style="list-style-type: none"> • price elasticity of demand • buffer stocks • food security • commodity prices
9 The economics of health care Listening · Speaking	<ul style="list-style-type: none"> • welfare economics • vertical equity • Pareto efficiency • health care indicators
10 The economics of sport Reading · Writing	<ul style="list-style-type: none"> • funding • legacy effects • staging mega-events • investment in sport • derived demand • complementary products
11 Labour markets Listening · Speaking	<ul style="list-style-type: none"> • trafficking • migration • demographic factors • labour market trends
12 Strategy, policy and economic change Reading · Writing	<ul style="list-style-type: none"> • SMART framework • Corporate Social Responsibility (CSR) • economics and ecosystems

Vocabulary focus	Skills focus	Unit
<ul style="list-style-type: none"> words from general English with a special meaning in economics prefixes and suffixes 	<p>Listening</p> <ul style="list-style-type: none"> preparing for a lecture predicting lecture content from the introduction understanding lecture organization choosing an appropriate form of notes making lecture notes <p>Speaking</p> <ul style="list-style-type: none"> speaking from notes 	1
<ul style="list-style-type: none"> English–English dictionaries: headwords · definitions · parts of speech · phonemes · stress markers · countable/uncountable · transitive/intransitive 	<p>Reading</p> <ul style="list-style-type: none"> using research questions to focus on relevant information in a text using topic sentences to get an overview of the text <p>Writing</p> <ul style="list-style-type: none"> writing topic sentences summarizing a text 	2
<ul style="list-style-type: none"> stress patterns in multi-syllable words prefixes 	<p>Listening</p> <ul style="list-style-type: none"> preparing for a lecture predicting lecture content making lecture notes using different information sources <p>Speaking</p> <ul style="list-style-type: none"> reporting research findings formulating questions 	3
<ul style="list-style-type: none"> computer jargon abbreviations and acronyms discourse and stance markers verb and noun suffixes 	<p>Reading</p> <ul style="list-style-type: none"> identifying topic development within a paragraph using the Internet effectively evaluating Internet search results <p>Writing</p> <ul style="list-style-type: none"> reporting research findings 	4
<ul style="list-style-type: none"> word sets: synonyms, antonyms, etc. the language of trends common lecture language 	<p>Listening</p> <ul style="list-style-type: none"> understanding 'signpost language' in lectures using symbols and abbreviations in note-taking <p>Speaking</p> <ul style="list-style-type: none"> making effective contributions to a seminar 	5
<ul style="list-style-type: none"> synonyms, replacement subjects, etc., for sentence-level paraphrasing 	<p>Reading</p> <ul style="list-style-type: none"> locating key information in complex sentences <p>Writing</p> <ul style="list-style-type: none"> reporting findings from other sources: paraphrasing writing complex sentences 	6
<ul style="list-style-type: none"> compound nouns fixed phrases from economics fixed phrases from academic English common lecture language 	<p>Listening</p> <ul style="list-style-type: none"> understanding speaker emphasis <p>Speaking</p> <ul style="list-style-type: none"> asking for clarification responding to queries and requests for clarification 	7
<ul style="list-style-type: none"> synonyms nouns from verbs definitions common 'direction' verbs in essay titles (<i>discuss, analyze, evaluate, etc.</i>) 	<p>Reading</p> <ul style="list-style-type: none"> understanding dependent clauses with passives <p>Writing</p> <ul style="list-style-type: none"> paraphrasing expanding notes into complex sentences recognizing different essay types/structures: descriptive · analytical · comparison/evaluation · argument writing essay plans writing essays 	8
<ul style="list-style-type: none"> fixed phrases from economics fixed phrases from academic English 	<p>Listening</p> <ul style="list-style-type: none"> using the Cornell note-taking system recognizing digressions in lectures <p>Speaking</p> <ul style="list-style-type: none"> making effective contributions to a seminar referring to other people's ideas in a seminar 	9
<ul style="list-style-type: none"> 'neutral' and 'marked' words fixed phrases from economics fixed phrases from academic English 	<p>Reading</p> <ul style="list-style-type: none"> recognizing the writer's stance and level of confidence or tentativeness inferring implicit ideas <p>Writing</p> <ul style="list-style-type: none"> writing situation–problem–solution–evaluation essays using direct quotations compiling a bibliography/reference list 	10
<ul style="list-style-type: none"> words/phrases used to link ideas (<i>moreover, as a result, etc.</i>) stress patterns in noun phrases and compounds fixed phrases from academic English words/phrases related to labour market issues 	<p>Listening</p> <ul style="list-style-type: none"> recognizing the speaker's stance writing up notes in full <p>Speaking</p> <ul style="list-style-type: none"> building an argument in a seminar agreeing/disagreeing 	11
<ul style="list-style-type: none"> verbs used to introduce ideas from other sources (<i>X contends/suggests/asserts that ...</i>) linking words/phrases conveying contrast (<i>whereas</i>), result (<i>consequently</i>), reasons (<i>due to</i>), etc. words for quantities (<i>a significant minority</i>) 	<p>Reading</p> <ul style="list-style-type: none"> understanding how ideas in a text are linked <p>Writing</p> <ul style="list-style-type: none"> deciding whether to use direct quotation or paraphrase incorporating quotations writing research reports writing effective introductions/conclusions 	12

1 ECONOMICS IN THE MODERN WORLD

1.1 Vocabulary

guessing words in context • prefixes and suffixes

A Read the sentences. The red words are probably familiar to you in general English. But can you think of a different meaning for each word in economics? Change the form if necessary (e.g., change an adjective into a noun).

- 1 She shows a lot of **interest** in her studies.
- 2 The land is divided up into equal **shares** for each child.
- 3 Many German financial institutions are not located in the **capital** city.
- 4 Most students want to decide their own careers and **future**.
- 5 The company issued a final **demand** for payment.
- 6 For many people, electricity is the most important public **utility**.
- 7 His clothes are so untidy – just left in a **bundle** on the floor.
- 8 The company has introduced a range of computer **security** measures.
- 9 Many students do not use the **index** at the back of their textbooks.
- 10 It takes a lot of practice to play an **instrument** well.

B Read part of an interview with Matthew Richards, a financial adviser to the University of Hadford. He is talking about his investment strategy for the university. Complete each sentence with one or more of the red words from Exercise A. Change the form if necessary.



I must use money carefully and build up the university's _____ position. So, I sometimes invest in _____ in well-known companies or in government _____. It is always important to gain a good rate of _____. However, I cannot invest the university's money in risky financial _____ that banks offer. For example, banks often put different types of debt together in what is called a _____. It is hard to believe, but trading in debts is very common in the financial world. I am considered to be a careful investor. I look at the metals _____, not just for gold. I watch the way prices have developed and then I choose investments in the _____ market, where I try to predict how the price of these metals will develop in the next few months or over a year. The _____ for these metals depends on many factors, such as the need for new materials or technology. Economists talk about maximizing people's happiness or _____. I must try to make the managers of the university happy!

C Study the words in box a.

- 1 What is the connection between all the words?
- 2 What is the base word in each case?
- 3 What do we call the extra letters?
- 4 What is the meaning of each prefix?
- 5 Can you think of another word with each prefix?

a
 cooperate deregulate
 interdependent irrational misjudge
 overestimate reassess sub-prime
 supervision unemployment

D Study the words in box b.

- 1 What is the connection between all the words?
- 2 What is the base word in each case?
- 3 What do we call the extra letters?
- 4 What effect do the extra letters have on the base word?
- 5 Can you think of another word with each suffix?

b
 activity competitive
 efficiency elasticity influential
 investment practitioner
 predictable quantitative
 specialization

E Use words from this page to discuss the pictures on the opposite page.

1 Bloomberg Anywhere | Professional | Solutions

QUICK NEWS VIEW **MARKETS** PERSONAL FINANCE

Stocks

Americas

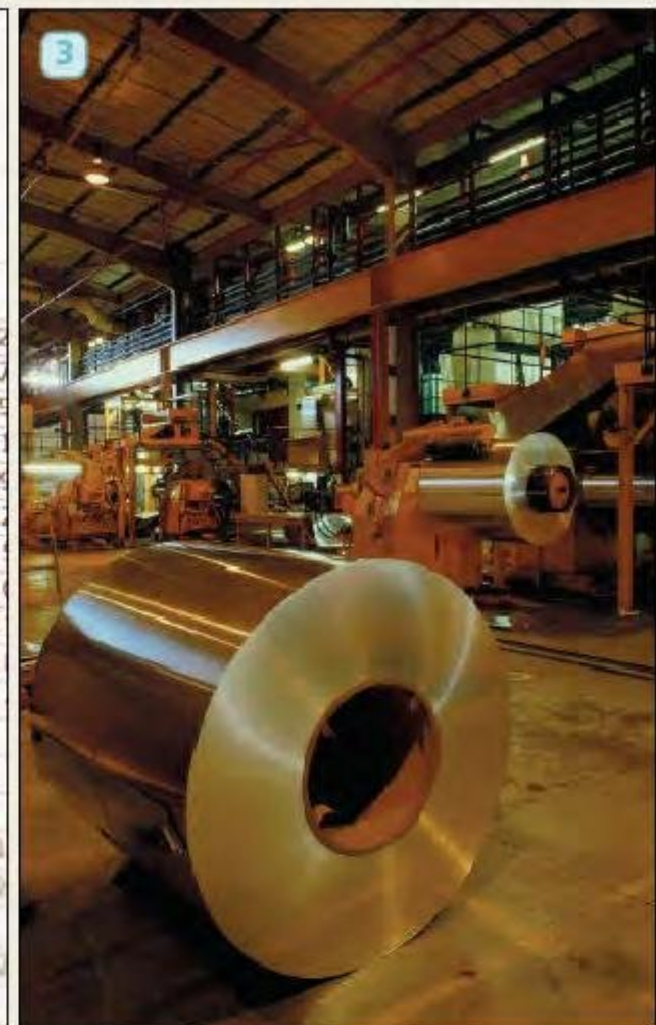
INDEX	VALUE	CHANGE
DOW JONES INDUS. AVG	12,441.60	38.82
S&P 500 INDEX	1,331.10	5.41
NASDAQ COMPOSITE INDEX	2,795.86	13.94
S&P/TSX COMPOSITE INDEX	13,797.60	21.55
MEXICO IPC INDEX	35,819.20	75.95
BRAZIL BOVESPA INDEX	64,295.00	198.35

Europe, Africa and Middle East

INDEX	VALUE	CHANGE
Euro Stoxx 50 Pr	2,819.40	19.58
FTSE 100 INDEX	5,938.87	57.86
CAC 40 INDEX	3,950.98	33.76
DAX INDEX	7,163.47	49.38
IBEX 35 INDEX	10,261.20	58.00
FTSE MIB INDEX	20,630.90	162.52
AEX-Index	346.08	1.59

2 Top 100 shares

High	Low	Stock
345.20	251.20	3i
1773.00	1294.00	Admiral
1912.96	1309.00	Aggreko
1258.00	795.50	AMEC
3468.50	2227.50	Anglo American
1675.00	755.50	Antofagasta
652.00	260.60	ARM Holdings
1197.00	916.50	Assoc British Food
3389.50	2788.50	AstraZeneca
2012.00	1227.00	Autonomy Corp
480.77	303.00	Aviva
172.90	288.10	BAE Systems
180.00	90.32	Banco Santander
149.15	253.00	Barclays
595.00	995.20	BG Group
163.50	1678.00	BHP Billiton
14.90	296.00	BP
755.50	2073.50	Brit Amer Tobacco
13.00	427.10	British Land
49.02	148.00	BT Group



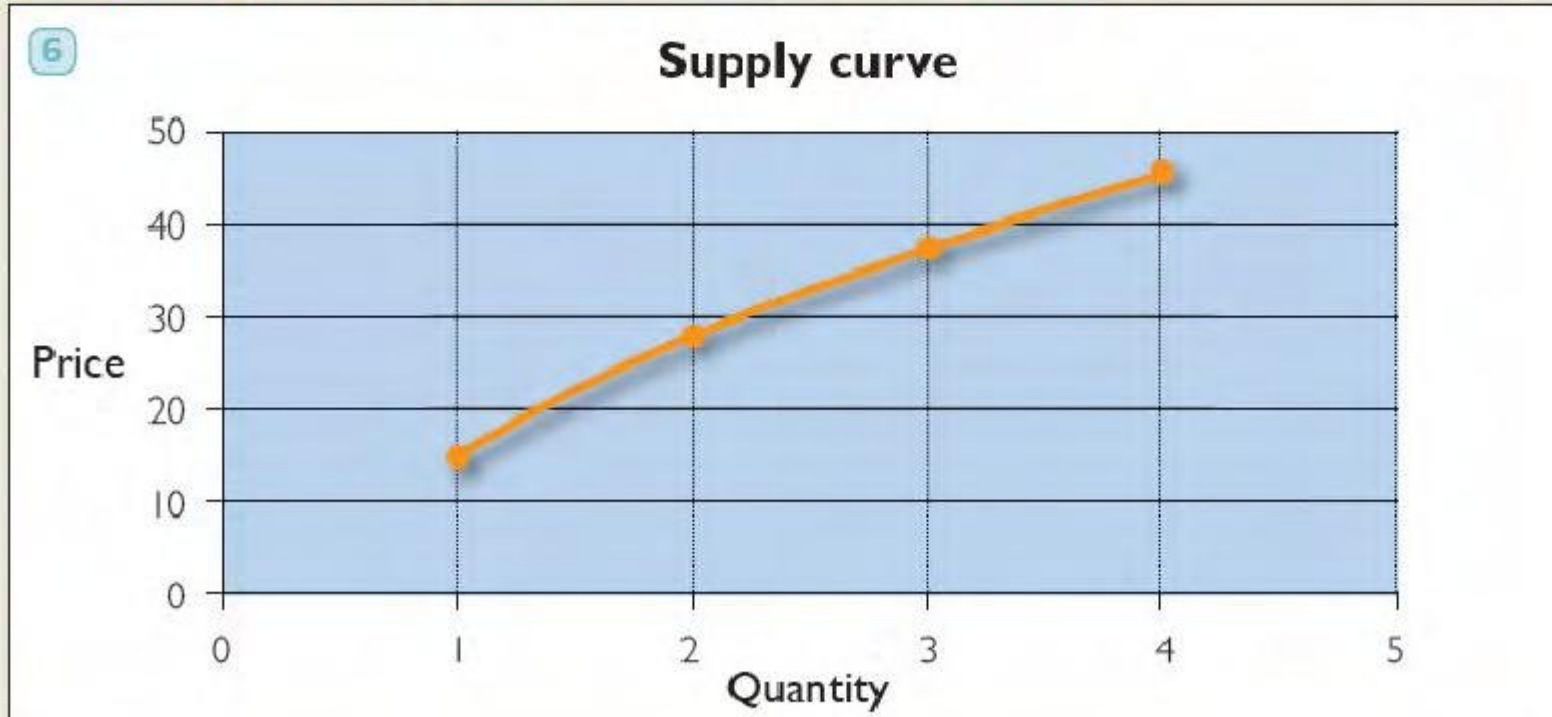
4

BUY SELL

Cancel Confirm

Market Price 2,570.6

PRODUCT NAME	PERFORMANCE	PRICE
Cocoa Bulk Bean	34.38%	1,823.4
Coffee Robusta	13.95%	2,566.6
Copper	4.98%	419.15
Corn	5.92%	750.31
Crude Oil Brent	3.38%	117.670
Crude Oil West Texas	4.29%	102.181
Quinoa	13.42%	3,133.6
Gold	6.84%	1,537.21
Heating Oil	1.53%	3,040.4
Natural Gas	13.89%	4,812
Silver	13.77%	36,485
Soybean	1.79%	1,391.19
Soybean Meal	-1.19%	300.12
Soybean Oil	3.16%	58.44
Sugar Raw	-25.95%	23.81
Sugar White	-7.54%	688.8



1.2 Listening

preparing for a lecture • predicting lecture content • making notes

A You are a student in the Economics Faculty of Hadford University. The title of your first lecture is *What is economics – and why is it important?*

- 1 Write a definition of economics.
- 2 Why is economics important? Make some notes.

See Skills bank

B Listen to Part 1 of the talk. How does the lecturer describe the situation for economics in the modern world? Tick the best choice.

- a Economists have adapted to global changes before.
- b People say that economists do not need to modify their thinking on global finance.
- c People feel that the world does not need economists.

C In Part 2, the lecturer talks about using a *scientific* approach.

- 1 What does this mean in a subject such as economics?
- 2 Name some national and international aspects of economics which can be studied scientifically.
- 3 Listen and check your ideas.
- 4 What will the lecturer talk about next?

D In Part 3, the lecturer says that economists are often blamed for financial problems.

- 1 What examples do you think the lecturer will mention?
- 2 The lecturer talks about *misjudgements*, *miscalculations* and *overestimations* made by economists. What reason does the lecturer give for these mistakes?
- 3 Listen and check your ideas.

4 Which example of financial activity is mentioned as causing particular problems in the USA?

E Listen to the final part of the talk, the lecturer talks about possible study modules at university and future career opportunities for economists.

- 1 What 'core' subjects should economics students study?
- 2 The lecturer differentiates between careers for economists in the private and public sectors. What are the differences?
- 3 Listen and decide which sector the careers below are likely to be in. Mark each word in the box PR for private, PU for public, or PU/PR for both.

accountant _____ corporate investment adviser _____ econometrician _____
 employment analyst _____ investment banker _____ specialist on taxation _____
 government health economist _____ research economist _____ retail banker _____ trade adviser _____

F Make a list of key study areas in economics. Use the pictures and information in the lecture. Discuss your ideas with a partner.

G Draw a tree diagram to illustrate career opportunities for economists. Use words from Exercises E and F in your diagram.

H Look back at your notes from Exercise A. Did you predict:

- the main ideas?
- most of the special vocabulary?

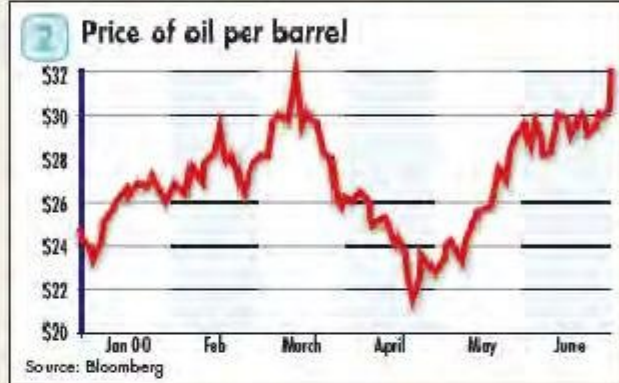
HADFORD University

**Economics Faculty:
branches of economics**

1




2 Price of oil per barrel



Source: Bloomberg

3



4 $AD = C + I + G + (X - M)$

1.3 Extending skills

lecture organization • choosing the best form of notes

A As a government economist, you can give advice on many issues. What (specifically) can an economist ...

- | | | |
|--------------|----------|--------------|
| 1 encourage? | 4 issue? | 7 stabilize? |
| 2 exploit? | 5 print? | 8 regulate? |
| 3 impose? | 6 lower? | 9 monitor? |

B How can you organize information in a lecture? Match the beginnings and endings.

- | | |
|--|--------------------------|
| 1 question and <input type="checkbox"/> | a contrast |
| 2 problem and <input type="checkbox"/> | b definition |
| 3 classification and <input type="checkbox"/> | c disadvantages |
| 4 advantages and <input type="checkbox"/> | d effect |
| 5 comparison and <input type="checkbox"/> | e events |
| 6 cause and <input type="checkbox"/> | f supporting information |
| 7 sequence of <input type="checkbox"/> | g process |
| 8 stages of a <input type="checkbox"/> | h solution |
| 9 theories or opinions then <input type="checkbox"/> | i answer |

C How can you record information during a lecture? Match the illustrations with the words and phrases in the box.

tree diagram flowchart headings and notes spidergram table timeline two columns

1

2

3

4

5

6

7

D Match each type of information organization from Exercise B with a method of note-taking from Exercise C. You can use the same method more than once in your answers.

E Listen to five lecture introductions. Choose a possible way to take notes from each introduction.

Example:

You hear: *Today I'd like to talk about different types of financial trading. There are four ways to classify these activities.*

You choose: *tree diagram*

1.4 Extending skills

making notes • speaking from notes

1

2

Pair	Price	Change
P-USD	1.6408	-0.001
GBP-EUR	1.1389	-0.001
GBP-CAD	1.5908	-0.001
GBP-AUD	1.5276	-0.001
EUR-GBP	0.8782	0.001
EUR-USD	1.4408	0.001
EUR-CAD	1.3971	0.001
EUR-AUD	1.3417	-0.001
USD-GBP	0.6095	0.001
USD-EUR	0.6941	-0.001
USD-AUD	0.9310	-0.001
USD-CAD	0.9695	0.001
CAD-GBP	0.6286	0.001
CAD-EUR	0.7158	-0.001
CAD-USD	1.0315	-0.001
CAD-AUD	0.9618	-0.008
AUD-GBP	0.6546	0.006
AUD-EUR	0.7454	0.004
AUD-USD	1.0742	0.006

3

4

5

6

The economy in three recessions

Real change in GDP in %

Quarters since the recession began

Source: TUC/Office for National Statistics licensed under the Open Government Licence v.10

A Study the pictures.

- 1 What do pictures 1–6 show? Use words from the box.
- 2 How do the illustrations show aspects of economic risk? Work in pairs.

curve commodities currency
taxation investment recession

B Cover the opposite page. Listen to the lecture introductions from Lesson 1.3 again. Make an outline on a separate sheet of paper for each introduction.

C Look at your outline for each lecture. What do you expect the lecturer to talk about in the lecture? In what order?

D Listen to the next part of each lecture. Complete your notes.

E Uncover the opposite page. Check your notes with the model notes. Are yours the same or different?

F Work in pairs.

- 1 Use the notes on the opposite page. Reconstruct one lecture.
- 2 Give the lecture to another pair.

1

Types of financial trading



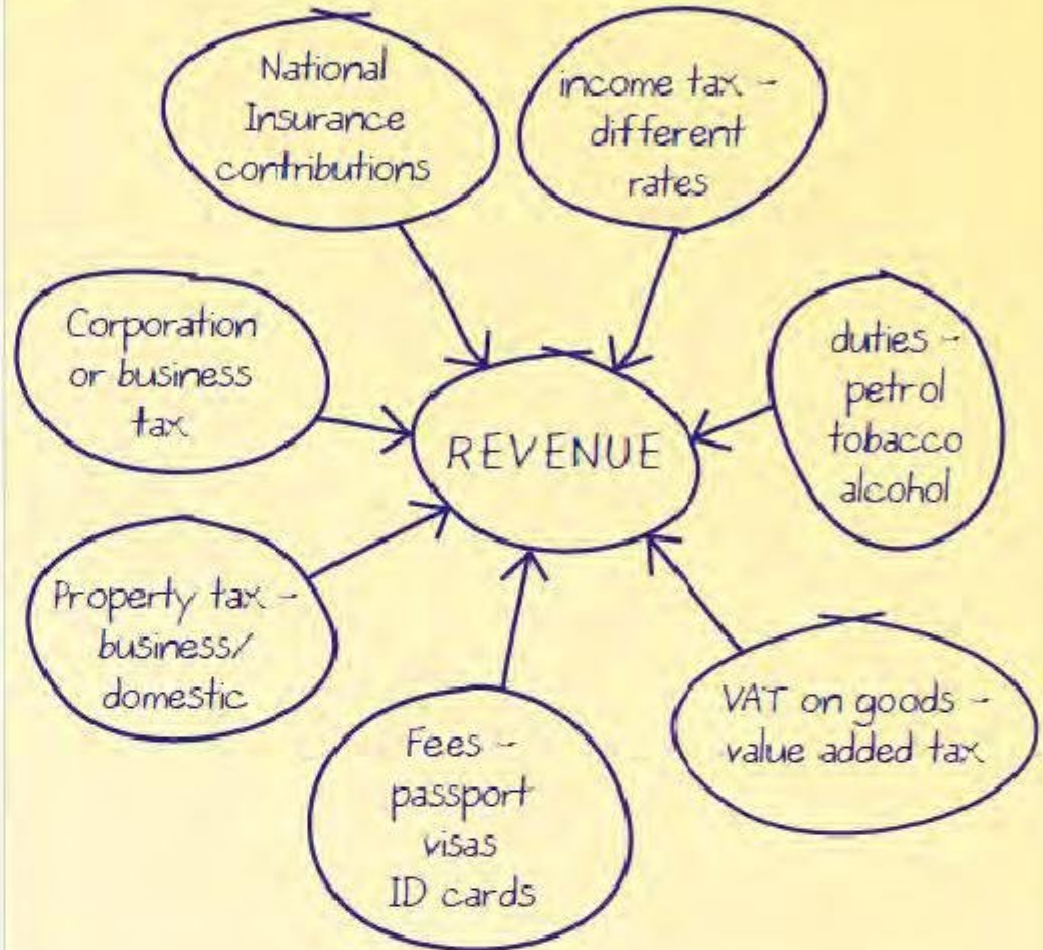
2

Regulation of the banking industry

- identify problems in the system early
- identify poor debt to capital ratio and set safe levels
- monitor investment
- monitor loans for industry/businesses/housing
- protect customers against monopoly
- reduce fraud and illegal transactions, tax evasion
- reduce costs to customers
- already enough control
- debt to capital ratio must be flexible
- resist banks' investment activities
- delays in transactions would increase and add extra costs to banking
- enough protection measures in place
- most fraud not at banking end but through Internet
- increased paperwork would increase customers' costs

3

Government revenue



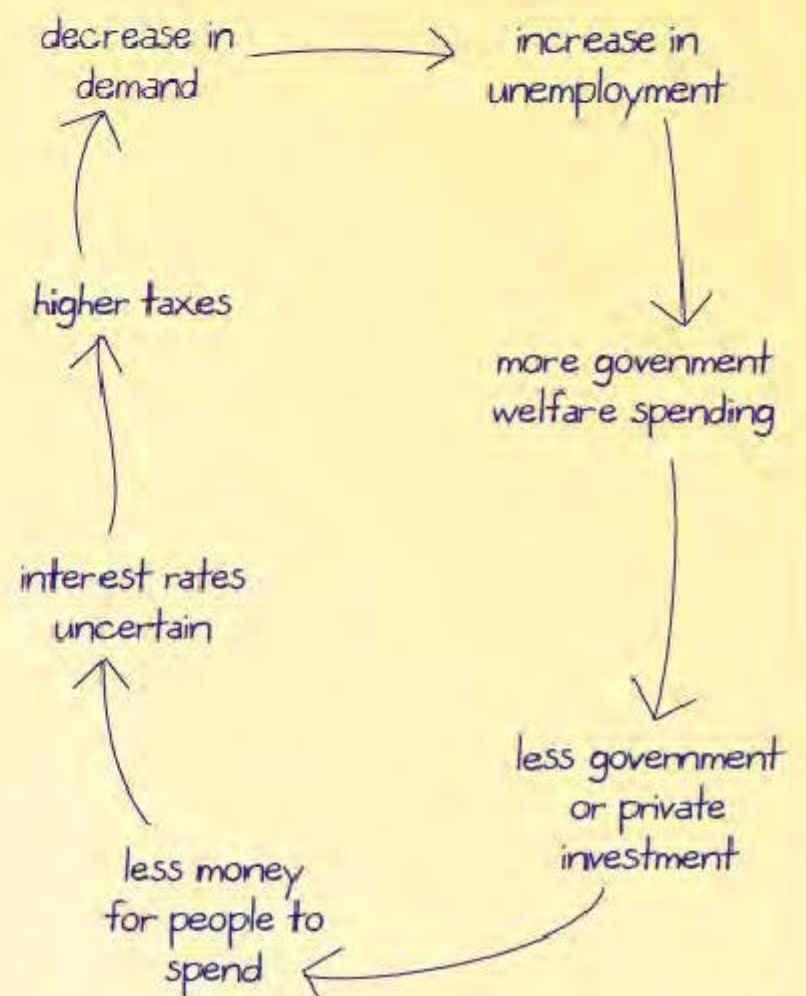
4

History of economic thought 1750-1900

- 1750s David HUME (1711-1776)
- philosopher
 - trade in commodities → wealth for many nations
 - concern about human impact, e.g., slave trade
- 1776 Adam SMITH (1723-1790)
- first major economic study
 - very important analysis of trade, money supply, supply and demand, interest rates, international markets
- 1815 David RICARDO (1772-1823)
- rich family; money made in government securities
 - believed in commodities to control money supply
 - idea of laissez-faire: free trade: no government interference
- 1867 Karl MARX (1818-1883)
- struggle between "capital" and "labour"
 - working man can only sell his labour exploitation
 - minimum wages = maximum profits for capitalists

5

Factors in an economic recession



Vocabulary bank

Guessing words in context

Using related words

Sometimes a word in general English has a special meaning in economics.

Examples:

ceiling, shares, index, utility

If you recognize a word but don't understand it in context, think:

What is the basic meaning of the word? Does that help me understand the special meaning?

Example:

Information in a textbook is found in an **index**, a list at the back of the book.

The stock exchange **index** lists the prices of shares and commodities.

Removing prefixes

A **prefix** = letters at the **start of a word**.

A prefix changes the meaning of a word.

Examples:

overestimate – estimate something to be higher or greater than it really is

misjudge – judge incorrectly or wrongly

If you don't recognize a word, think:

Is there is a prefix? Remove it. Do you recognize the word now?

What does that prefix mean? Add it to the meaning of the word.

Removing suffixes

A **suffix** = letters at the **end of a word**.

A suffix sometimes changes the part of speech of the word.

Examples:

predict → *predictable* = verb → adjective

efficient → *efficiency* = adjective → noun

A suffix sometimes changes the meaning **in a predictable way**.

Examples:

class + ify – make into (class, category)

end + less – without (end)

care + ful – careful (full of care)

If you don't recognize a word, think:

Is there a suffix? Remove it. Do you recognize the word now?

What does that suffix mean? Add it to the meaning of the word.

Skills bank

Making the most of lectures

Before a lecture ...

Plan

- Find out the topic of the lecture.
- Research the topic.
- Check the pronunciation of names and key words in English.

Prepare

- Get to the lecture room early.
- Sit where you can see and hear well.
- Bring any equipment you may need.
- Write the date, topic and name of the lecturer at the top of a sheet of paper.

During a lecture ...

Predict

- Listen carefully to the introduction. Think: *What kind of lecture is this?*
- Write an outline. Leave space for notes.
- Think of possible answers/solutions/effects, etc., while the lecturer is speaking.

Produce

- Write notes/copy from the board.
- Record sources – books/websites/names.
- At the end, ask the lecturer/other students for missing information.

Making perfect lecture notes

Choose the best way to record information from a lecture.

advantages and disadvantages	→	two-column table
cause and effect	→	spidergram
classification and definition	→	tree diagram/spidergram
comparison and contrast	→	table
problem and solution	→	headings and notes/two-column table
sequence of events	→	timeline/flowchart
stages of a process	→	flowchart
question and answer	→	headings and notes

Speaking from notes

Sometimes you have to give a short talk in a seminar on research you have done.

- Prepare the listeners with an introduction.
- Match the introduction to the type of information/notes.

2 HOW ECONOMICS IS ORGANIZED

2.1 Vocabulary

using an English–English dictionary

A How can an English–English dictionary help you understand and produce spoken and written English?

B Study the dictionary extract on the opposite page.

- 1 Why are the two words (top left and top right) important?
- 2 How many meanings does *leverage* have? What about *liable*?
- 3 Why does the word *liquid* appear twice in bold?
- 4 What do we call someone who *lends money or other things*?
- 5 Where is the stress on *liable*? What about *liability*?
- 6 What is the pronunciation of *q* in each bold word in this extract?
- 7 What is the pronunciation of *g* in each bold word in this extract?
- 8 What part of speech is *liable*?
- 9 Which is correct? *The company used a lot of leverage/leverages to complete the agreement.* Explain your answer.
- 10 Can we write: *The liable company must repay the costs to the bank.* Why (not)?

C Look at the bold words in the dictionary extract on the opposite page.

- 1 What order are they in?
- 2 Write the words in the blue box in the same order.

equation inflation benefit capitalism
share welfare issue produce
prediction economist consumer growth
subsidy insurance intervene enterprise

D Look at the top of this double page from an English–English dictionary.

- 1 Which word from the blue box will appear on these pages?
- 2 Think of words before and after some of the other words in the blue box.



E Look up the red words in the blue box.

- 1 How many meanings can you find for each word?
- 2 What word(s) can be nouns or verbs?
- 3 How are the words used in economics?

F Look up the green words in the blue box.

- 1 Where is the stress in each word?
- 2 What is the sound of the underlined letter(s) in each word?
- 3 How are the words used in economics?

G Test each other on the words from Exercises E and F. Give the dictionary definition of one of the words. Can your partner guess which word you are defining?

H Discuss the table on the opposite page using words from this lesson. Try to give accurate information about these economic statistics.

lend

lend /lend/ v [T] 1. to give a person something for a short time, expecting to receive it back
2. to provide money for a certain period, expecting the person or institution to repay it.
The ABC bank lends a lot of money to small businesses.

lender /'lendə(r)/ n [C] the institution or person that lends money or other things

lending rate /'lendiŋ reɪt/ n [C] the agreement to lend/borrow money at certain rates of interest, often between banks. *The inter-bank lending rate stands at 1.5% at the moment.*

lever¹ /'li:və(r)/ n [C] 1. a handle to operate a machine 2. an action used to put pressure on somebody to do something

lever² /'li:və(r)/ v [T] to use a lever to move something; to try to persuade someone

leverage /'li:vərɪdʒ/ n [U] 1. the power someone uses to influence, persuade or convince others. *The company used considerable leverage to obtain planning permission for the new factory.* 2. the money or assets which a company obtains to buy another company, expecting to repay from profits. *XYZ company did not have sufficient leverage to buy ABC company and so the deal collapsed.*

liquidity

liability /laɪə'bɪlətɪ/ n [C] [+ for] the legal responsibility that a person or institution has. *The LSG bank accepts liability for its customers' losses.*

liable /'laɪə'bl/ adj 1. [NOT before a noun] (+ for) to have a legal responsibility for something. *The group is liable for taxation on the profits from its foreign companies.*

2. (+ to) typical behaviour or when something is likely to happen. *The economy is liable to sudden movements in times of financial uncertainty.*

liquid¹ /'lɪkwɪd/ n [C] a substance such as water which flows

liquid² /'lɪkwɪd/ adj 1. in the form of a liquid. *Liquid hydrogen is less dangerous than hydrogen gas.* 2. to have money or assets which are easy to sell or move. *The capital markets seem less liquid now than a year ago.*

liquid assets /'lɪkwɪd 'æsets/ n [C usually plural] money or other assets which a company has that can be invested, moved or sold easily.

liquidity /lɪ'kwɪdətɪ/ n [U] a situation where a country, company or bank can use or move its assets easily, perhaps to repay loans. *Many citizens sent money out of the country which caused a serious national liquidity crisis.*

World economic indicators (year-on-year as % variation)

	Economic growth		Projections	
	Two years ago	Last year	This year	Next year
Commodity prices				
Oil	+10.7	+36.4	- 46.4	+20.2
Non-fuel	+14.1	+7.5	- 27.9	+4.4
Consumer prices				
Advanced economies	+2.2	+3.4	- 0.2	+0.3
Emerging and developing economies	+6.4	+9.3	+5.7	+4.7
World trade volume (goods and services)				
Exports				
Advanced economies	+6.1	+1.8	- 13.5	+0.5
Emerging and developing economies	+9.5	+6.0	- 6.4	+1.2

Source: Table compiled from data in International Monetary Fund (2009). *World Economic Outlook April 2009 Crisis and Recovery*. Retrieved from: www.imf.org/external/pubs/ft/weo/2009/01

2.2 Reading

using research questions

A What factors do you consider when you make a financial decision?

B Look at the photographs on this page.

- 1 Who are important consumers in the family?
- 2 Who is this person and what are his responsibilities?
- 3 What type of person is good at these jobs?
- 4 Why are food products important internationally?

C You are going to read a text. What should you do before you read a text in detail? *See Skills bank*

D This text is about the organization of economics.

- 1 Think of some research questions before you read.
- 2 Compare your questions with those in the Hadford University assignment on this page.

E Study these topic sentences from the text and answer the questions below.

Economics is considered by many people to be organized in a scientific way.

However, opponents say these reasons are not enough to support the scientific status of economics.

Different economic systems have developed over time.

Economics has an accepted structure with a number of branches or divisions.

However, both macroeconomics and microeconomics can examine the same problem or issue at a different level.

A further division seems to be between theory and practice.

Finally, the division between national and global economics seems to be important.

In conclusion, it is sometimes difficult to draw dividing lines in economics.

- 1 What is the topic of debate in economics?
- 2 Where do you expect to find the answer to each question in the Hadford University assignment? Write 1, 2 or 3 next to the topic sentence.
- 3 What do you expect to find in the other paragraphs?

F Read the text on the opposite page and check your ideas.

See Skills bank



Faculty: Economics

Assignment

Do some research into the structure and organization of economics.

Make notes to answer these questions:

- 1 Can economics be called a science?
- 2 Is it easy to identify different divisions or branches in economics?
- 3 Why do economists say we should think and act globally?

The organization of economics



Economics is considered by many people to be organized in a scientific way. There are several reasons for this idea.

Firstly, people point out that economists use a lot of economic theories. These are based on observation of the ways money, goods, services and people interact. Secondly, there are economic models or equations to explain or predict economic behaviour. For example, it is important to analyze how consumers think and behave. It is also essential to understand the financial markets. In addition, statistics and data are very important for economists. They have developed the special area of econometrics to focus on analysis of economic patterns or developments.

However, opponents say these reasons are not enough to demonstrate the scientific status of economics. In chemistry, physics or biology, it is possible to prove results and outcomes empirically, using experiments. In economics, it is much more difficult. Economics refers to human needs. This is an important idea in economics and relates to a person being satisfied! It is called utility. Human needs can be for goods, such as a new computer game or a new bicycle. They could also be for services – a visit to the sports centre or a meal in a restaurant. A successful economy organizes a system to benefit the majority of the citizens. This is known as economic welfare.

Different economic systems have developed over time. A centralized system, such as communism, decides which goods and services the citizens need. There is little choice and no competitors for the government's goods and services. This system has declined in importance since 1989. Capitalism is the most important world economic system nowadays. A central idea in capitalism is liquidity. This means capitalism uses liquid assets, including money, but also investment and labour, to make profits. However, capitalism must consider human needs and behaviour. Economics cannot always predict the way people will think or act. This makes economics less scientific.

Economics has an accepted structure with a number of branches or divisions. In fact, economists generally agree that there is a division into 'macro' economics and 'micro' economics. Macroeconomics considers the bigger aspects of growth. It examines government or international policies on trade or employment, inflation and the money markets. Microeconomics looks at the decisions that individuals or families make about consumption or saving. It also examines how companies establish prices for their products or how a special area of the labour market works in practice.

However, both macroeconomics and microeconomics can examine the same problem or issue at a different level. For example, the government might have a health policy based on insurance – a macroeconomic policy – but want to increase workers' insurance payments – a microeconomic application. This will have an effect on individuals and on companies.

A further division seems to be between theory and practice. Economists talk about theoretical and applied economics but again, the division is not simple. For example, a government announces a change in taxation policy for macroeconomic reasons. However, the collection of the tax from the people is an application of the theory at the microeconomic level.

Finally, the division between national and global economics seems to be important. However, there are connections here, too. For example, a country might pay subsidies to farmers to produce certain crops and support national agriculture. But this will have an effect on the world market price, perhaps with serious consequences for the developing world.

In conclusion, it is sometimes difficult to draw dividing lines in economics. Economists do not always agree about the structure. However, global relationships mean that countries are no longer economically isolated. This is the new economic reality.

2.3 Extending skills

topic sentences • summarizing

A Study the words in box a. They are all from the text in Lesson 2.2.

- 1 Look back at the text on page 17. Find the words which go together with the words in the box.
- 2 Are the words in the box used as nouns or verbs?
- 3 What is the meaning of each phrase? Look at the context and check with your dictionary if necessary.

predict focus pattern
demonstrate benefit
welfare practice produce

B Study the words in box b. They are all from the text in Lesson 2.2.

- 1 What is the base word in each case? What part of speech is the base word?
- 2 Does the prefix/suffix change the part of speech?
- 3 How does the prefix/suffix change the meaning of the base word?

interact development
empirically centralize
competitors employment
consumption application
reality

C Look back at the topic sentences from the text in Lesson 2.2 (Exercise E, page 16). Don't look at the text on page 17. What information comes after each topic sentence? Suggest possible content.

Example:

Economics is considered by many people to be organized in a scientific way.
Reasons why people think economics is a science.

D Write a summary of the text on page 17. Paraphrase the topic sentences. Add extra information and examples. *See Skills bank*

2.4 Extending skills

using research questions • writing topic sentences • summarizing

A Discuss these questions.

- 1 What divisions in economics are presented in the text on page 17?
- 2 Why is it difficult to differentiate between these divisions?

B The lecturer has asked you to research *different economic stakeholders*.

- 1 What do you understand by the term *stakeholder*?
- 2 Think of good research questions before you read the text on the opposite page.
- 3 Look quickly at the text on the opposite page. What is the best way to record information while you are reading?

C Study the text on the opposite page.

- 1 **Highlight** the topic sentences.
- 2 Read each topic sentence. What will you find in the rest of the paragraph?
- 3 Which paragraph(s) will probably answer each research question? Read those paragraphs and make notes.
- 4 Have you got all the information you need? If not, read other paragraphs.

D Use the Internet to find out more about economic stakeholders, e.g., look at *The Economist* online at www.economist.com or the Open University pages on *Money and Management* at www.open2.net.

- 1 Make notes about important economic stakeholders.
- 2 Write a series of topic sentences which summarize your research.
- 3 Report back to the other students. Read out each topic sentence then add extra details.

Economic stakeholders

For an economist, it is essential to understand who the stakeholders are in any economy. Stakeholders are those people (or institutions) who have power or influence in the economic structure. The most important groups are described here.

In advanced economies, consumers are powerful stakeholders who have the ability to choose goods and services. However, they are not really organized and patterns of consumption are difficult to predict. In capitalism, economists emphasize that resources are limited for a number of reasons. Economists also see consumers as people who make rational decisions. In other words, they make the correct choices for the resources available. In reality, consumer choices are not based on rationality.

As most people have limited money to spend, they must set priorities. For example, a family decides to save for a holiday. As a result, they do not spend money on visits to the cinema or a theme park. This is called an 'opportunity cost'. It means that a good or service is not chosen because something else is chosen. Economists must calculate or predict such opportunity cost factors.

Another way to make economic decisions is as members of a group. The family is an informal group. Workers in a particular company or union have a more formal structure. They often want the same results. Usually workers want higher wages, but sometimes better working conditions or more job security are important, too. In most industrialized countries, unions represent the interests of workers. They act for employees to improve the workers' economic welfare.

The owners and managers of companies are crucial stakeholders in any economy. These people are entrepreneurs who link up all the economic factors – capital, labour and other resources – to produce goods or services. These are called the 'factors of production'. When economists examine the actions of entrepreneurs or their enterprises, they look at risk. Enterprises want to make profits, so calculating risk is very important. In capitalist countries, individuals, shareholders in a company or other investors carry the risk. The government does not usually intervene in a 'free market economy'.

However, governments themselves are very important economic stakeholders. One example is the decision to intervene. In an economic crisis, the

government might act to support banks or companies. Many governments intervened as a reaction to the global crisis which began in 2008. But this intervention does not show a complete change in their macroeconomic principles.

When governments make decisions, they are acting as stakeholders. Most governments want a healthy economy to meet the needs of their citizens. But their decisions are often 'opportunity cost' calculations. Governments must try to balance advantages and disadvantages. For example, building a new motorway will bring transportation benefits but it changes the landscape, creates noise and pollution and affects the lives of local residents. A good government should be accountable for its decisions, economically and politically.

Financial institutions such as banks are similar to companies but rather more complicated. However, they are very important stakeholders. They want to make profits, usually for shareholders. They also take risks, especially as financial markets can fluctuate a lot. However, in an economic crisis, people ask difficult questions about the power of banks. They say the banks are too powerful and they take too many risks. The banks sometimes make decisions on lending or investing money which are too risky. For these reasons, banks will probably have to accept more regulations to limit their activities in the future.

A final example of economic stakeholders is the group of international or regional institutions or agencies. These bodies have enormous economic power. They can influence policies on, for example, world trade, the global supply of money, lending to developing countries or economic cooperation. Nowadays, it is hard to imagine how the world economy would function without the World Bank (WB), the International Monetary Fund (IMF), the World Trade Organization (WTO), the Bank of International Settlements (BIS) or the regional development banks. Think of the importance of a special interest group such as the Oil Producing and Exporting Countries (OPEC) which is a powerful economic stakeholder.

In conclusion, the position of all the main economic stakeholders has an influence on the wider political economy. Economists will continue to examine their status carefully.

Vocabulary bank

Using your English–English dictionary

This kind of dictionary helps you actually learn English.

Using headwords and parts of speech

1 Find the correct **headword**.

These **bold** words in a dictionary are in alphabetical order. Look at the words on the top left and top right of the double page. Find a word which comes just before and after your word.

2 Find the correct **meaning**.

If there are different meanings of the word, they appear in a numbered list. Look at all the meanings before you choose the correct one in context.

3 Find the correct **part of speech**.

Sometimes the same headword appears more than once, followed by a small number. This means the word has more than one part of speech, e.g., *n* and *v*. Work out the part of speech before you look up a word.

Clues:

- Nouns often come after articles (*a/an/the*) or adjectives.
- Verbs come after nouns or pronouns.

Learning to pronounce words

The symbols after the headword show you how to pronounce the word. Learn these symbols (the key is usually at the front or the back of the dictionary).

The little line in the symbols shows you how to stress the word.

Example:

Compare the stress in the words

liquid /'lɪkwɪd/ and *liquidity* /lɪ'kwɪdətɪ/

Learning to use words correctly in context

Nouns can be **countable** or **uncountable**. This information is important for using articles and verb forms (e.g., *is/are*) correctly. Look for the symbol [C] or [U].

Some verbs need an object. They are **transitive**. Some verbs don't need an object. They are **intransitive**. This information is important for making good sentences. Look for the symbol [T] or [I].

Some words can be spelt in **British** English (e.g., *colour, centre, traveller*) or **American** English (e.g., *color, center, traveler*). Choose the correct spelling for the text you are working on.

Skills bank

Doing reading research**Before you start reading ...**

- Think of research questions. In other words, ask yourself: *What must I find out from my research?*
- Look at headings, sub-headings, illustrations. Look for patterns or variations in presentation, e.g., a series of dates; words in **bold** or *italic* script. Think: *What information do they give me?*
- Decide how to record information from your reading. Choose one or more methods of note-taking. **See Unit 1 Skills bank**

While you are reading ...

- **Highlight** the topic sentences.
- Think: *Which paragraph(s) will probably give me the answer to my research questions?*
- Read these paragraph(s) first.
- Make notes.

After reading ...

- Think: *Did the text answer all my research questions?*
- If the answer is no, look at other paragraphs to see if the information is there.

Using topic sentences to summarize

The topic sentences of a text normally make a good basis for a summary. Follow this procedure:

- Locate the topic sentences.
- Paraphrase them – in other words, rewrite them in your own words so that the meaning is the same. Do not simply copy them. (This is a form of plagiarism.)
- Add supporting information – once again, in your own words.

Example:

Topic sentence	<i>In advanced economies, consumers are powerful stakeholders who have the ability to choose goods and services.</i>
Paraphrase of topic sentence	<i>Consumers play an important role in modern economies through their selection of different products.</i>
Supporting information and examples (summarized)	<i>However, they make decisions as individuals and not according to any economic model.</i>

- Check your summary. Check that the ideas flow logically. Check spelling and grammar. If your summary is short, it may be just one paragraph. For a longer summary, divide it into paragraphs.

3 MARKET ECONOMIES

3.1 Vocabulary

stress within words • prefixes

A Discuss these questions.

- 1 What is a market?
- 2 How can a market be stable? How can it be unstable?
- 3 Give examples of markets for:
 - goods
 - commodities
 - services

a

availability capacity
 expansion fluctuation
 movement productivity reliability
 substitute supply upward
 variation

B Study the pictures and figures on the opposite page.

- 1 What does each picture or figure show? Talk about each one using words from box a. (You will not need all the words and you may need to change the form.)
- 2 How does each picture show *demand* and *supply*?

C Look at the words in box a.

- 1 Underline the stressed syllable in each word.
- 2 Which of these words has the same stress pattern as *fluctuation*?
- 3 Sort the other words into groups according to their stress patterns.

D Complete each sentence with a word from box a. Change the form if necessary.

- 1 The price of some agricultural products depends on the seasonal _____ of the goods.
- 2 If consumers cannot find exactly the product they want, they might choose a _____.
- 3 The price of precious metals such as gold may be stable for a long period of time and then there may be sudden _____.
- 4 Bad weather can affect the _____ of goods to local food markets.
- 5 A decrease in the price of a good will often result in an _____ demand for that good.
- 6 Employers expect a good level of _____ from the employees for quite a low wage.
- 7 If a company increases _____, there is not an automatic increase in demand.

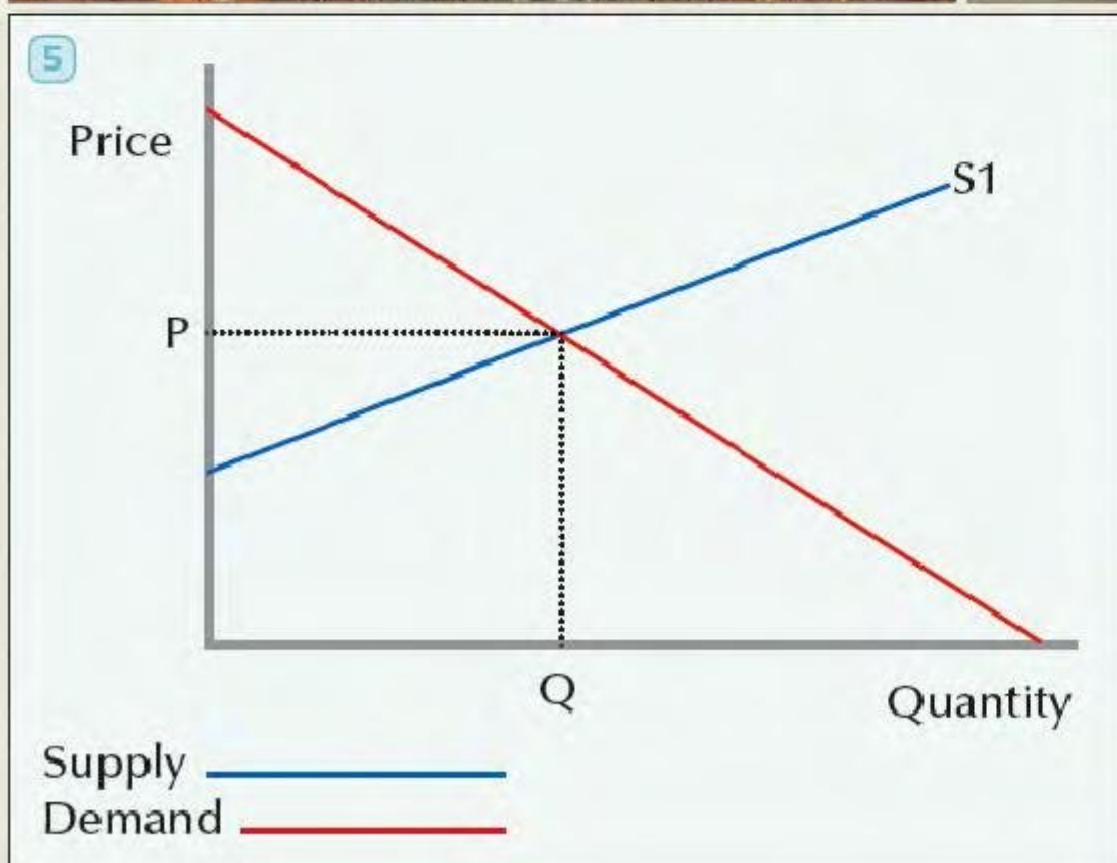
E Study the words in box b. Find the prefix and try to work out the meaning in each case.

b

complementary	consolidate	downgrade	exchange	output	underestimate
composite	contraction	downturn	expansion	outsource	underspend
compound	conversion	downward	extension	outweigh	undervalue

F Complete each sentence with a word from box b. Change the form if necessary.

- 1 A decrease in demand is called a _____ in demand.
- 2 An upward curve in the oil price may lead to a _____ in the economy as production costs increase.
- 3 A related product such as software for a computer is known in economics as a _____ product.
- 4 A company may _____ some of its activities to an overseas location.
- 5 When the price of a good or service decreases this is usually called an _____ in demand, not an expansion of demand!
- 6 Producers sometimes _____ demand for a good and do not manufacture a sufficient quantity.



6

Index of gold prices 2008–2009

	US\$/oz
December 2008	770
January 2009	870
February 2009	920
March 2009	950
April 2009	920
May 2009	875
June 2009	975
July 2009	935
August 2009	950
September 2009	950
October 2009	1010
November 2009	1030

3.2 Listening

preparing for a lecture • predicting lecture content • making notes

A Study the handout from the lecture.

- 1 What do you expect to hear in this lecture? Make a list of points.
- 2 Write down some key words you expect to hear.
- 3 Check the pronunciation of the key words, with other students or with a dictionary.
- 4 How are you going to prepare for this lecture?

B Listen to Part 1 of the lecture.

- 1 What exactly is the lecturer going to talk about today? Tick the topic(s) you heard.
 - why the London stock market is important _____
 - important market principles _____
 - fair and unfair competition in world markets _____
 - how politics influences the markets _____
 - centralized economies _____

- 2 What reason does the lecturer give for talking about this topic?
- 3 What is a good way to organize notes for this lecture?

C Listen to Part 2 of the lecture.

- 1 What is the main idea of this section?
- 2 What sources of money are mentioned?
- 3 Why is a factor such as *labour* so important in an economy?
- 4 Do the factors of production relate more to the microeconomic or macroeconomic level?
- 5 What do you expect to hear in the next part of the lecture?

D Listen to Part 3 of the lecture.

- 1 What different definitions of 'demand' are presented?
- 2 Why do consumers look for substitute goods?
- 3 Give an example of a 'complementary' product.
- 4 What form of notes could you use for this part?

E Listen to Part 4 of the lecture.

- 1 Check your definitions of demand.
- 2 What is the research task?

F Listen and say whether these sentences are true or false according to the lecture. Explain your reasons.

- 1 _____ 2 _____ 3 _____ 4 _____ 5 _____ 6 _____ 7 _____

G Now go back to Lesson 3.1, Figure 5.

- 1 Discuss what the curves on the figure show.
- 2 Discuss the movements that can occur on the curves.



Faculty: Economics Principles of market economies

Principles of market economies

- 1 Markets and factors of production
- 2 Demand: principle; types; definitions
- 3 Products – types

Figure 1: Hadford University Principles of market economies

Soft drinks: value of sales 2007–2009 in US\$ billion

	Actual sales	Projected sales
2007	424	–
2008	434.1	440
2009	444	450

Figure 2: Soft drinks sales

3.3 Extending skills

stress within words • using information sources • reporting research findings

A Listen to some stressed syllables. Identify the word below in each case. Number each word.

Example:

You hear: 1 *sten* /sten/ You write:

- | | | | | | |
|--------------|-------|---------------|-------|--------------|-------|
| allocate | _____ | environmental | _____ | productivity | _____ |
| composite | _____ | equilibrium | _____ | recession | _____ |
| conversion | _____ | extension | 1 | subsidy | _____ |
| disposable | _____ | improvement | _____ | undervalue | _____ |
| entrepreneur | _____ | marginality | _____ | variation | _____ |

B Where is the stress in each multi-syllable word in Exercise A?

- 1 Mark the stress.
- 2 Practise saying each word.

C Work in pairs or groups. Define one of the words in Exercise A. The other student(s) must find and say the correct word.

D Look at the spidergram on the right.

- 1 For each effect of a recession, give some details.
- 2 Try to think of other effects.
- 3 What action can be taken to overcome the effects?



Effect	Details	Possible action
low interest rates	encourage consumers to spend	banks must lend for investment

E Before you attend a lecture you should do some research.

- 1 How could you research the lecture topics on the right?
- 2 What information should you record?
- 3 How could you record the information?

F You are going to do some research on a particular lecture topic. You must find:

- 1 a dictionary definition
- 2 an encyclopedia or textbook explanation
- 3 a useful Internet site



Faculty: Economics

Lecture topics:

- 1 Stimulating demand: government scrappage schemes
- 2 The UK housing market from 2009
- 3 Oil prices rises: factors and implications
- 4 Demand in the energy market

Student A

- Do some research on demand in the UK housing market.
- Tell your partner about your findings.


Student B

- Do some research on demand in the energy market.
- Tell your partner about your findings.

3.4 Extending skills


asking for information • reporting information

A You are going to listen to a follow-up of the lecture in Lesson 3.2.


- 1 What do you expect to learn in this lecture? Make a list of points.
- 2 What is the main subject that the lecturer is going to talk about today? (Clue: Lesson 3.2 research task.)
- 3  Listen to the end section of the last lecture again and check your ideas.
- 4 Report your findings from the research task in Lesson 3.3 (Exercise F).

B Look at the slides and handout for today's lecture on the opposite page.



- 1 What is shown on Slide 1?
- 2 What is shown on Slide 2?
- 3 What is shown on Slide 3?
- 4 In what ways do the figures on the handout show demand?

C  Listen to Part 1 of today's lecture.

- 1 The lecturer defines something. What is it?
- 2 What is the basic idea which the lecturer wants to present?
- 3 What is a good way to make notes from this lecture? Prepare a page in your notebook.

D  Listen to Part 2 of the lecture. Make notes. If necessary, ask other students for information.

E How will the lecturer finish the lecture?

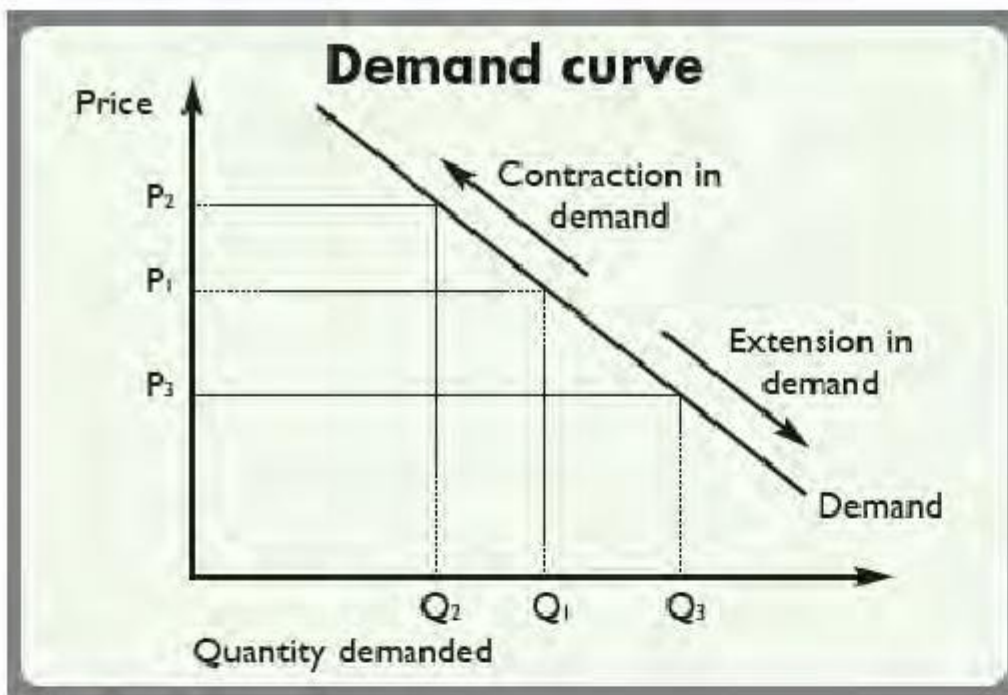
- 1  Listen to the beginning of Part 3 and check your ideas.
- 2  Now listen to the rest of the lecture. Make notes. If necessary, ask other students for information.

F Match the verbs and definitions.

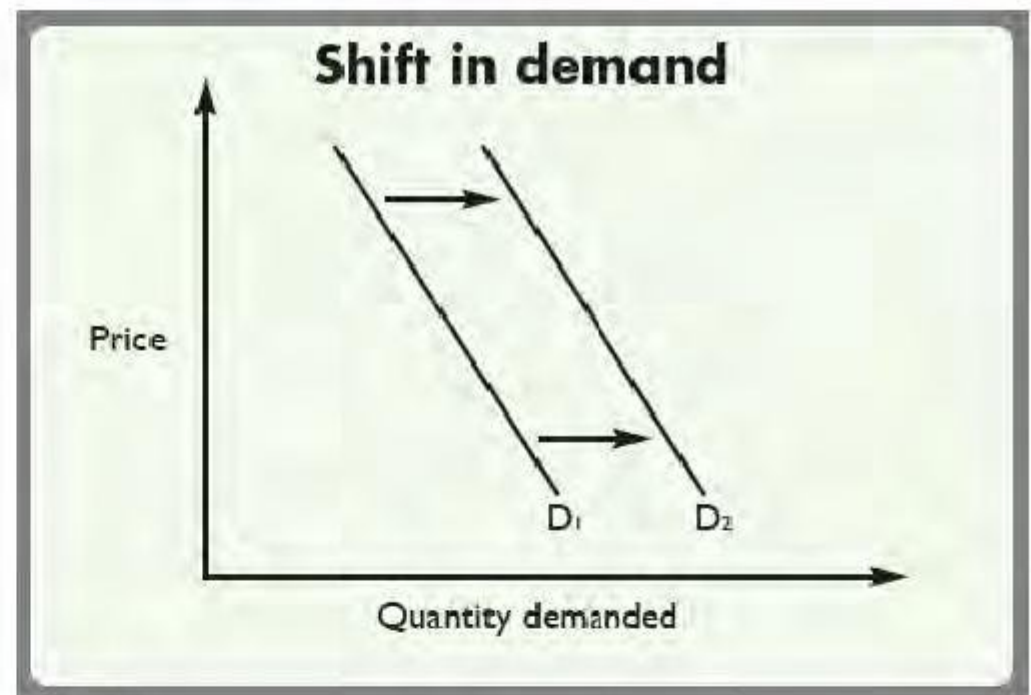
- | | |
|--------------------------------------|---|
| 1 catch out <input type="checkbox"/> | a put forward in a formal way |
| 2 offer <input type="checkbox"/> | b make or produce |
| 3 affect <input type="checkbox"/> | c encourage something to grow or increase |
| 4 introduce <input type="checkbox"/> | d surprise/take by surprise |
| 5 stimulate <input type="checkbox"/> | e advertise or market a product |
| 6 create <input type="checkbox"/> | f have an influence on something |
| 7 reduce <input type="checkbox"/> | g make available (to sell) |
| 8 promote <input type="checkbox"/> | h lower or decrease |

G Look at the information in the figures on the handout.

- 1 Discuss with a partner how demand for residential property in the UK has developed over the period.
- 2 What do you notice about demand in London?
- 3 Work with a partner. Imagine one of you is a banker or mortgage consultant. The other is a client who wants to buy a property worth around £400,000 in London.
 - What information would you give your client?
 - Would you be optimistic about your client's chances?
 - What alternatives could you suggest?
 - As a client, what questions would you ask about the market?
 - What advice would you want from the consultant?
 - Could you accept any alternatives to what you originally planned?



Slide 1



Slide 2

Factors causing shifts in demand

- income
- competitors offering substitutes
- quality of performance improvements
- fashion/new models
- price of complementary products, e.g., oil/cars
- changes in law
- future price uncertainty
- weather

Slide 3

Annual change in house prices 2009–2010 (London)

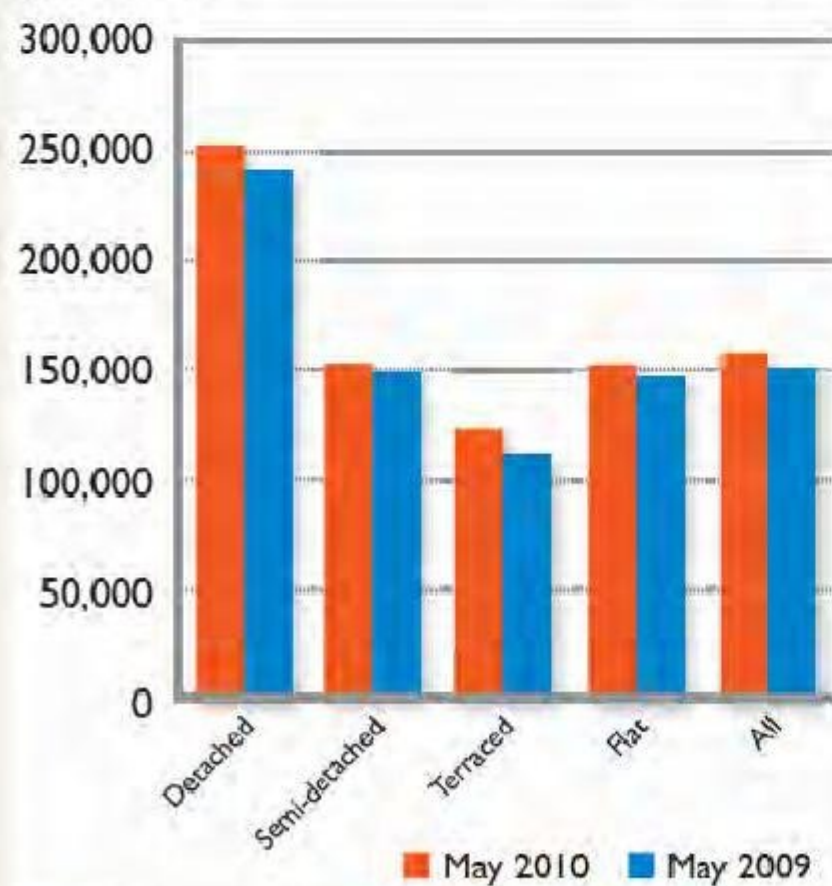


Figure 1

Sales volume by price 2009–2010 (London)

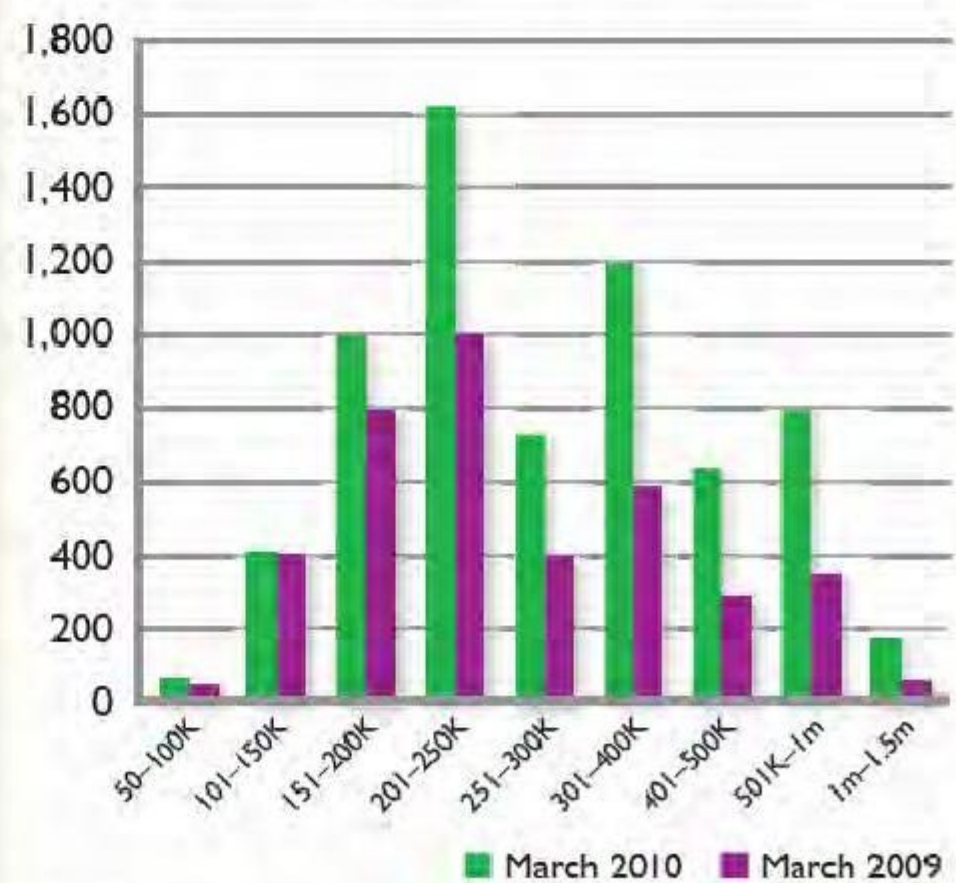


Figure 2

Vocabulary bank

Stress within words

Nouns, verbs, adjectives and adverbs are called **content words** because they carry the meaning.

One-syllable words

Some content words have **one syllable** or sound. This is always stressed.

Examples: 'key, 'earn, 'curve, 'shift

Two-syllable words

Some content words have **two syllables**. Two-syllable nouns and adjectives are often stressed on the first syllable. Two-syllable verbs are often stressed on the second syllable.

Examples:

Nouns	'factor, 'service, 'impact
Adjectives	'basic, 'abstract, 'central
Verbs	en'sure, out'weigh, de'rive

Exceptions:

Nouns	re'ward, e'ffect, res'ponse
Adjectives	un'stable, en'gaged
Verbs	'lessen, 'purchase

Multi-syllable words

Some content words have **three or more syllables**. Multi-syllable words are normally stressed three syllables from the end.

Example:

0 0 0 0 0 0 0 0 0 0 0 0

This is true for most words ending in:

~ize/-ise	'advertize, 'emphasize, 'harmonize
~sis	a'nalysis, 'emphasis
~ate	co'mmunicate, 'allocate, 'estimate
~ify	'clarify, 'satisfy, 'classify
~ical	'physical, 'cyclical
~ity	capa'bility, availa'bility, produc'tivity
~ular	par'ticular, 'regular
~al	'personal, 'rational
~ology	termi'nology, psy'chology
~cy	'policy, e'fficiency

Exceptions:

Multi-syllable words ending in the following letters are normally stressed two syllables from the end.

~ic	rea'listic, spe'cific, eco'nomie
~ion	con'dition, re'vision, de'cision, super'vision
~ent	e'fficient, e'mergent
~tial	po'tential, influ'ential

Skills bank

Getting information from other people**From the lecturer**

We can sometimes ask a lecturer questions at the end of a lecture. Introduce each question in a polite or tentative way.

Examples:

Could you go over the bit about composite demand again?
I didn't quite understand what you said about complementary products.
I wonder if you could repeat the details about the car scrappage schemes.
Would you mind giving the source of that quotation again?

From other students

It is a good idea to ask other students after a lecture for information to complete your notes.

Examples:

What did the lecturer say about realized demand?
Why did he say that demand shift can be independent of other variables?
Why did he talk about 'panic buying'? When do we talk about a contraction in supply or demand and when do we talk about shifts?
I didn't get the bit about the impact of government subsidies.

Be polite!

It sometimes sounds impolite to ask people a direct question. We often add a polite introduction.

Examples:

Do new regulations usually lead to a decrease in demand?
→ (polite) *Do you know if new regulations usually lead to a decrease in demand?*

What are complementary products?
→ (polite) *Can you recall what complementary products are?*

What are your marketing strategies to increase demand?
→ (polite) *Could you tell me something about your marketing strategies to increase demand?*

Reporting information to other people

We often have to report research findings to a tutor or other students in a seminar. Make sure you can give:

- sources – books, articles, writers, publication dates
- quotes – in the writer's own words
- summary findings – in your own words

4 ECONOMICS AND TECHNOLOGY

4.1 Vocabulary

computer jargon • abbreviations and acronyms • verb and noun suffixes

A Study the words and phrases in box a.

- 1 Which words or phrases relate to computers and the Internet? Which relate to books and libraries? Find two groups of words.
- 2 Find pairs of words and phrases with similar meanings, one from each group.
- 3 Check your ideas with the first part of *The Computer Jargon Buster* on the opposite page.

books browse/search catalogue
 close cross-reference database
 electronic resources exit/log off hyperlink
 index library log in/log on look up
 menu open page search engine
 table of contents web page
 World Wide Web

B Complete the instructions for using the Learning Resource Centre with words or phrases from box a.

C Study the abbreviations and acronyms in box b.

- 1 How do you say each one?
- 2 Divide them into two groups:
 - abbreviations
 - acronyms

See *Vocabulary bank*

b

CAL	DVD	HTML	HTTP	ISP
JPEG	LCD	PIN	RAM	ROM
URL	USB	WAN	WWW	

D Test each other on the items in Exercise C.

- 1 What do the letters stand for in each case?
- 2 What do they mean?
- 3 Check your ideas with the second part of *The Computer Jargon Buster* on the opposite page.

E Study the nouns in box c.

- 1 Make a verb from each noun.
- 2 Make another noun from the verb.

c

class computer digit
 identify machine



Learning Resource Centre

Instructions for use:

If you want to access web pages on the _____, you must first _____ to the university Intranet with your username and password. You can use any _____ but the default is Google. _____ for web pages by typing one or more keywords* in the search box and clicking on **Search**, or pressing **Enter**. When the results appear, click on a _____ (highlighted in blue) to go to the web page. Click on **Back** to return to the results listing. You can also use the university _____ of learning resources. Click on **Economics Resources** on the main _____.

*A 'keyword' is different from a 'key word', which means a word that tells you about the main idea or subject of something.

The Computer Jargon Buster

There are many common words used about books and libraries which are translated into jargon words when we talk about using computers and the Internet for similar functions.

books	electronic resources
index	search engine
cross-reference	hyperlink
catalogue	database
library	World Wide Web
table of contents	menu
look up	browse/search
page	web page
open	log in/log on
close	exit/log off

There are many abbreviations and acronyms in computing. Learn some useful ones.

Abbr./Acr.	What it stands for	What it means
CAL	computer-assisted learning	using computers to help you learn
DVD	digital versatile disk	a disk for storing data, including sound and pictures
HTML	hypertext markup language	a way to write documents so they can be displayed on a website
HTTP	hypertext transfer protocol	a set of rules for transferring files on the WWW, usually included at the beginning of a website address (e.g., http://www...)
ISP	Internet service provider	a company that enables access to the Internet
JPEG	joint photographic experts group	the usual format for photos and other images
LCD	liquid crystal display	the kind of screen you get on many laptops
PIN	personal identification number	a collection of numbers or letters which are used like a password to identify someone.
RAM	random-access memory	the memory you can use to store your own information
ROM	read-only memory	a type of permanent computer or disk memory that stores information that can be read or used but not changed
URL	uniform resource locator	a website address, e.g., http://www.garneteducation.com
USB	universal serial bus	a standard way to connect things like printers and scanners to a computer
WAN	wide area network	a way of connecting computers in different places, often very far apart
WWW	World Wide Web	a huge collection of documents that are connected by hypertext links and can be accessed through the Internet

4.2 Reading

preparation for reading research • topic development

A Discuss these questions.

- 1 What has been the most important technological change for the world of economics in the past 50 years?
- 2 How can computers make economic decision-making faster, cheaper and efficient?

B Look at the title of the text on the opposite page.

- 1 What will the text be about?
- 2 In what ways can new technology cause problems at work? Make a list.
- 3 Write some questions that you would like the text to answer.

C Work in pairs. Look at Figures 1, 2 and 3.

- 1 Choose a picture. Describe it. Can your partner guess which one it is?
- 2 What links to technological progress are shown in the pictures?

D One student wrote some ideas about technology and economics before reading the text on the opposite page. Write **A** (I agree), **D** (I disagree) or **?** (I'm not sure) next to the ideas on the right.

E Look carefully at the topic sentences in the text on the opposite page.

- 1 Identify the topic and comment about the topic. *See Skills bank*
- 2 What do you think that each paragraph will be about?

F Read the text carefully. Were your questions from Exercise B answered?

G Does the writer of the text agree or disagree with the ideas in Exercise D? Which ideas are not mentioned?

H Study the notes a student made in the margin of the text on the opposite page.

- 1 What ideas are in the other paragraphs? Write some key words.
- 2 Which words introduce new ideas in each paragraph? *See Skills bank*

Ownership of UK ordinary company shares 2008

Owners	Value (£ billion)	% total
Overseas investors	481.1	41.5
Insurance companies	154.9	13.4
Pension funds	148.8	12.8
Individuals	117.8	10.2
Banks	45.0	4.0
Others	210.8	18.0
Total	1158.4	100.0

Based on: www.statistics.gov.uk/cci/nugget.asp?id=107

Figure 1: Ownership of UK ordinary company shares 2008

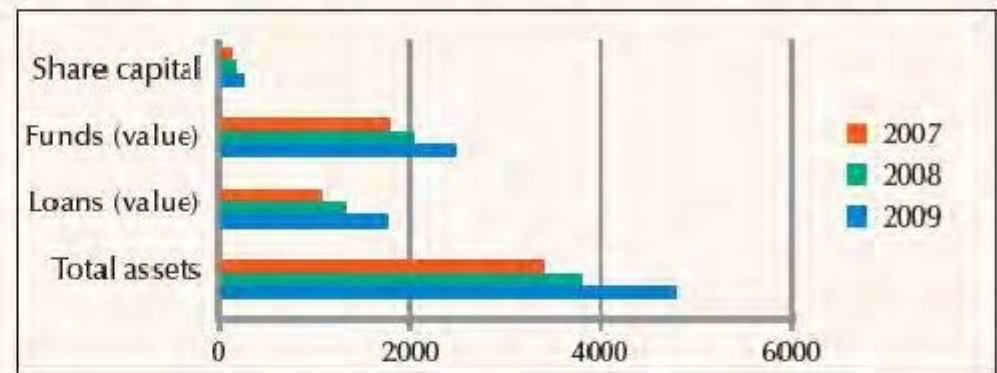


Figure 2: Key figures: Dostrino Bank (in €million)



Figure 3: Electronic screen from Stock Exchange

Opportunities/threats

Technology means economic decision-making is easier. _____

Everyone can take advantage of technology. _____

Bank customers can control their money better. _____

Statistical data are easier to collect. _____

There is less chance of financial crime. _____

Technology means business investment is easier to plan. _____

Technology does not change the way markets work. _____

Human actions are still more important than computer calculations. _____



Technology and economic change

Statement

Most human activities have undergone an enormous technological change over the past 40 to 50 years, and economics is no exception. The vast majority of countries have seen remarkable technical progress, including in their economic affairs.

Economics before technology

It may be hard for students of economics nowadays to imagine how finance, business and economic research could manage without technology, but things were very different 40 years ago. For example, clerks in banks once wrote out all the transactions in large books called ledgers, and accountants used complicated mathematical tables to work out interest rates, production costs or profits. Some students might remember typewriters, but word processors and other devices have replaced many human activities in the modern business world. For example, people were very excited about hand-held calculators 40 years ago. However, these devices are now much more powerful. Moreover, spreadsheet programs on computers can do complex financial calculations in micro-seconds. Nowadays, accountants, investment advisers or government economists are computer experts as well as mathematicians! However, these experts claim that making financial decisions is faster but even more difficult than before!

Pre-technology activity

Positive impact of technology

There are many additional examples of how technology has revolutionized the world of economics at every level and, generally speaking, the advances have been positive. For example, it is so much faster for government departments to assess trade balances or calculate revenue from taxation and measure macroeconomic growth. Just think how complex the supply of labour is. In the past, statistics from these areas were difficult to compile accurately and in a timely fashion.

Nowadays, statistical data are so much easier to compile and analyze as the technology is widely available all over the world. International organizations such as the World Health Organization, the World Bank, or the United Nations can provide authoritative data very quickly in annual reports. In this way, we can really talk about a global economy. Think, for example, of the age range in a country's population. Economists can now collect raw data from different parts of the country and compile the statistics centrally. This will help to identify macroeconomic problems such as a surplus or shortage of workers in the future and make planning more efficient.

Benefits of technology

In banking and investment, time is money, so institutions must have access to financial data immediately. Technological advances provide banks with the possibility to have updated market reports at any time, just at the click of a mouse. Financial institutions use technology to transfer money around the world in seconds. They can also offer customers a much wider range of products. Furthermore, technology means that investment portfolios can be expanded to include new products and markets which were unavailable before. Ordinary investors can now take advantage of a huge range of possibilities. Technology helps banks to diversify activities and become more competitive. Financial experts can perform market analysis with a mass of data available instantaneously, making split-second decisions which can gain (or, unfortunately, lose) billions of dollars!

When we consider technology at the microeconomic level, businesses, too, can plan better. For example, they can calculate costs or profits, adjust supply, and invest more effectively. Similarly, individuals can make savings on many goods and services, or find the best mortgage or property prices using price comparison websites. In addition, they can use Internet searches to 'shop around' for the best bargains, buy 'second-hand' items on auction sites, and manage money through online banking. Therefore the impact of technology is evident all around.

However, technological progress has some drawbacks and, unfortunately, these can have serious economic consequences. For example, there is more online fraud because of 'phishing' for personal data and credit card details. More technology means more 'identity theft' when someone steals a person's financial details. There are also issues such as money laundering and unfair banking or investment scams. These happen because the speed of transactions is so fast that illegal activities cannot easily be detected. Moreover, those nations with only limited technological resources are falling further behind in global competition and 'to bridge the technological gap' is a necessary and desirable step in the near future.

4.3 Extending skills

using the Internet effectively

- A** Discuss these questions.
- 1 You want to find out about the use of technology in London's financial markets. Where would you look for the information? Why?
 - 2 What keywords would you use to make this search? Why?
- B** Your search produces 50 results. How can you select the most useful ones without reading all of them? Look at the list of criteria on the right and add a tick or '?'.
- C** You have four additional research tasks. For each search, choose up to three keywords or phrases.
- 1 In which year was the name 'London Stock Exchange' (LSE) first used?
 - 2 What was the 'big bang' related to the LSE?
 - 3 What recent technology problems has the LSE had?
 - 4 What is the speed of completing a trade at the LSE?
- D** Go to a computer and try out your chosen keywords.

Criteria for choosing to read a result

- It contains all of my keywords. _____
- The document comes from a journal. _____
- It is in the first ten. _____
- It has this year's date. _____
- It is a large document. _____
- The website address ends in .org _____
- The website address ends in .edu _____
- The website address contains .ac _____
- It is a PDF file. _____
- It refers to economics. _____
- It refers to a person I know (of). _____
- It refers to an organization I know (of). _____

4.4 Extending skills

analyzing Internet search results • reporting research findings

- A** What information is contained in the results listing of a search engine?
- 1 Make a list.
 - 2 Check with the results listings on the opposite page.
- B** Scan the results listings. Answer these questions.
- 1 What keywords were entered?
 - 2 Why was *journal* used as a keyword? Why is it not in inverted commas?
- C** Answer these questions.
- | | |
|--|--|
| 1 Which results contain abbreviations or acronyms? | 7 Which results have all the keywords? |
| 2 Where is each website address? | 8 Which results refer to journals? |
| 3 Which of the results relates to a blog? | 9 Which result comes from an educational site? |
| 4 Which is a PDF document? | 10 Which results come from commercial sites? |
| 5 Which documents have dates? | 11 What does <i>similar</i> mean? |
| 6 Why are the words in different colours? | 12 What does <i>cached</i> mean? |
- D** Continue your research on the technology and the London Stock Exchange by entering the keywords into a search engine and accessing three of the results.
- 1 Make notes.
 - 2 Compare your findings with other students.
- E** Choose the most interesting result. Write a paragraph about the information you discovered. Use discourse and stance markers within the paragraph to develop it further.

A

Web Images Groups News Froogle Maps more »

Google history + "London Stock Exchange" Search Advanced Search Preferences

About 357,000 results (0.24 seconds)

- 1** [Our history - London Stock Exchange](#)
Starting life in the coffee houses of 17th century London, the Exchange quickly grew to become the City's most important financial institution.
www.londonstockexchange.com/...history/our-history.htm - Cached - Similar
- 2** [Our history - London Stock Exchange](#)
Our **history**. For over 300 years, the **London Stock Exchange** has produced detailed market information for companies and investors. ...
www.londonstockexchange.com/...and.../history/.htm - Cached - Similar
[Show more results from www.londonstockexchange.com](#)
- 3** [London Stock Exchange - Wikipedia, the free encyclopedia](#)
The **London Stock Exchange** is a stock exchange located in London, United Kingdom. Founded in 1801, it is one of the largest stock exchanges in the world. ...
History - Pursuit of LSE by prospective ... - Structure - Technology
en.wikipedia.org/wiki/London_Stock_Exchange - Cached - Similar
- 4** [London Stock Exchange History](#)
Learn about the **London Stock Exchange** history from small beginnings to the modern day
www.stockexchangesecrets.com/london-stock-exchange-history.html - Cached - Similar
- 5** [London South East - Stock Quotes, Charts, Trade History, Share ...](#)
Daily financial updates covering UK share prices and markets.
www.lse.co.uk/ - Cached - Similar

B

Web Images Groups News Froogle Maps more »

Google "London Stock Exchange" + academic journal + "latest te" Search Advanced Search Preferences

About 2,600 results (0.18 seconds)

- 6** [Society for Scholarly Publishing - Member News Releases](#)
13 Jul 2010 ... In 2008, NISO published the Recommended Practice, "**Journal Article ... REL (London Stock Exchange)**", RUK and ENL (New York Stock Exchange). ... with a good business model and being current with the **latest technology**, ...
sspnet.org/News/2414/spage.aspx - Cached - Similar
- 7** [London Stock Exchange to abandon failed Windows platform ...](#)
1 Jul 2009 ... The **London Stock Exchange** collapsed because its ... Get the **latest technology** news and analysis on critical issues in the ...
blogs.computerworld.com/london_stock_exchange_to_abandon_failed_windows_platform - Cached - Similar
- 8** [London Stock Exchange delays Linux move by two months - Open ...](#)
2 Jul 2010 ... The **London Stock Exchange** has delayed a move to the Linux-based Millennium Exchange trading platform by two ... **Latest technology** news ...
www.computerworlduk.com/toolbox/open-source/.../index.cfm?... - Cached
- 9** [London Stock Exchange implements Infolect | Microsoft News ...](#)
David Lester, chief information officer of the **London Stock Exchange**, said: "As our customers continue to use the **latest technology** to upscale their trading ...
www.onwindows.com/.../London-Stock-Exchange.../Default.aspx - Cached - Similar
- 10** [\[PDF\]*Equity Markets Microstructure Workshop](#)
File Format: PDF/Adobe Acrobat - [Quick View](#)
Examination of the **latest technology** developments in financial trading ... Stock Exchange, Nasdaq, the **London Stock Exchange**, Instinet, the Arisona Stock ... financial services has been published in a number of **academic journals**. ...
www.heacademy.ac.uk/.../LBS_Trading-Microstructure_Workshop2010.pdf

Vocabulary bank

Understanding abbreviations and acronyms

An **abbreviation** is a shorter version of something. For example, PC /pi:si:/ is an abbreviation for *personal computer*.

An **acronym** is similar to an abbreviation, but it is pronounced as a word. For example, RAM /ræm/ is an acronym for *random access memory* and ISA /'aɪsə/ is an acronym for *individual savings account*.

We normally write an abbreviation or acronym with **capital letters**, although the full words have lower case letters. However, there are exceptions, such as *www*, which is often written with lower case letters.

We **pronounce** the vowel letters in **abbreviations** in this way:

A	E	I	O	U
/eɪ/	/i:/	/aɪ/	/əʊ/	/ju:/

We normally **pronounce** the vowel letters in **acronyms** in this way:

A	E	I	O	U
/æ/	/e/	/ɪ/	/ɒ/	/ʌ/

Common suffixes

Suffixes for verbs

There are some common verb suffixes. They make nouns into verbs. The meaning is basically *make + noun*. **Examples:**

~ize	<i>computerize, mechanize, globalize, pressurize, finalize</i>
~(i)fy	<i>classify, identify, specify, modify</i>
~ate	<i>motivate, innovate, stimulate, allocate</i>
~en	<i>shorten, lengthen, strengthen, widen</i>

Suffixes for nouns

There are many suffixes for nouns. But verbs ending in *~ize*, *~ify* and *~ate* form nouns with *~ation*.

Examples:

Verb	Noun	
~ify	~ization	<i>computerization, globalization</i>
~ify	~ification	<i>modification, specification</i>
~ate	~ation	<i>integration, complication</i>

Many nouns are made by adding a suffix to a verb. This means:

- You can identify many nouns from the suffix.
- You can often discover the verb by removing the suffix. Sometimes you have to make changes to the end of the verb.

Verb	Suffix	Noun	Notes	Other examples
<i>produce</i>	+ <i>tion</i>	<i>production</i>	remove e	<i>reduce</i> → <i>reduction</i>
<i>perform</i>	+ <i>nce</i>	<i>performance</i>	add a or e	<i>allow</i> → <i>allowance</i>
<i>empower</i>	+ <i>ment</i>	<i>empowerment</i>		<i>govern</i> → <i>government</i>
<i>manufacture</i>	+ <i>ing</i>	<i>manufacturing</i>	remove e	<i>drive</i> → <i>driving</i>
<i>coordinate</i>	+ <i>ion</i>	<i>coordination</i>	remove e	<i>stimulate</i> → <i>stimulation</i>
<i>qualify</i>	+ <i>ication</i>	<i>qualification</i>	change y to i	<i>simplify</i> → <i>simplification</i>

Skills bank

Developing ideas in a paragraph**Introducing the topic**

In a text, a new **paragraph** indicates the start of a **new topic**.

The topic is given in the **topic sentence**, which is at or near the beginning of the paragraph. The topic sentence gives the **topic**, and also makes a **comment** about the topic.

Example:

Most human activities have undergone an enormous technological change over the past 40 to 50 years and economics is no exception.

The **topic** is *the enormous technological change*.

The **comment** is that *economics is no exception*.

The sentences that follow then expand or explain the topic sentence.

Example:

The vast majority of countries have seen remarkable technical progress, including in their economic affairs.

Developing the topic

A paragraph is normally about the same basic topic (the 'unity' principle). However, within a paragraph, ideas often **develop** beyond the initial comment. This development is often shown by

- a **discourse marker**: *but, however, etc.*
- a **stance marker**: *unfortunately, similarly, etc.*

Examples:

However, technological progress has some drawbacks ...

... unfortunately, these can have serious economic consequences.

Discourse markers generally make a connection between the previous information and what comes next. They mainly introduce **contrasts** or **additional information**.

Stance markers show the **attitude** of the writer to the information, i.e., whether he/she is surprised, pleased, unhappy, etc., about the information.

Recording and reporting findings

When you do your research, record information about the source. Refer to the source when you report your findings.

Examples:

Russell (2005) states that ...

Pindyck and Rubinfeld in *Microeconomics* (2008) discuss the idea that ...

As Davies suggests in his 2009 article in *The Economist*, ...

According to Bracking in her book *Money and Power* (2009), ...

As the author of the article on *telegraph.co.uk* (July 8, 2009) says, ...

You should give full information about the source in your reference list or bibliography. For more information about this, see Unit 10 *Skills bank*.

5 ECONOMICS, GLOBALIZATION AND SUSTAINABILITY

5.1 Vocabulary

word sets: synonyms, antonyms, etc. • describing trends

- A** Look at the pictures on the opposite page.
- 1 What does each picture show?
 - 2 What do we mean by *sustainable growth*?
 - 3 Which pictures suggest growth is difficult to sustain?

- B** Study the words in box a.
- 1 Find pairs of words with similar meanings.
 - 2 What part of speech is each word?

affluence diversify effect encourage
 expansion exploit extend extraction goods
 growth impact incentive migration mining
 misuse mobility motivation products replacement
 shift stimulate substitute transfer wealth

- C** Study the Hadford University handout on this page.

- 1 Find a word from box a with a similar meaning to the blue words.
- 2 Find a word or phrase in the handout with similar meaning to the red words.

- D** Study the words in box b.

- 1 Find pairs of opposites.
- 2 Add more words to make a set.
- 3 Give a name to each word set.

access barrier create degradation dependent
 destroy efficient improvement non-renewable
 renewable scarcity self-sufficient surplus wasteful

- E** Work with a partner.

- 1 Choose one of the pictures from the opposite page. How does your picture relate to sustainable development? Use words from boxes a and b to discuss.
- 2 Your partner should guess which picture you are talking about and then choose another picture to present.

- F** Look at the data in Table 1.

- 1 What does the table show?
- 2 What do the statistics tell us about world trade and/or the world economy?

- G** Study the description of Table 1 on this page. Write one or two words in each space. Think about appropriate adverbs to fill the spaces marked with (_____).



Faculty: Economics

Lecture: Globalization and sustainable development

Globalization is NOT just ...

- the **wider** activities of multinational companies (MNCs)
- the way advanced economies become **richer** by **spreading** the places of production
- the **unfair use** of cheap workers in developing countries

because these are not positive examples for sustainable development (SD)!

So what are the connections?

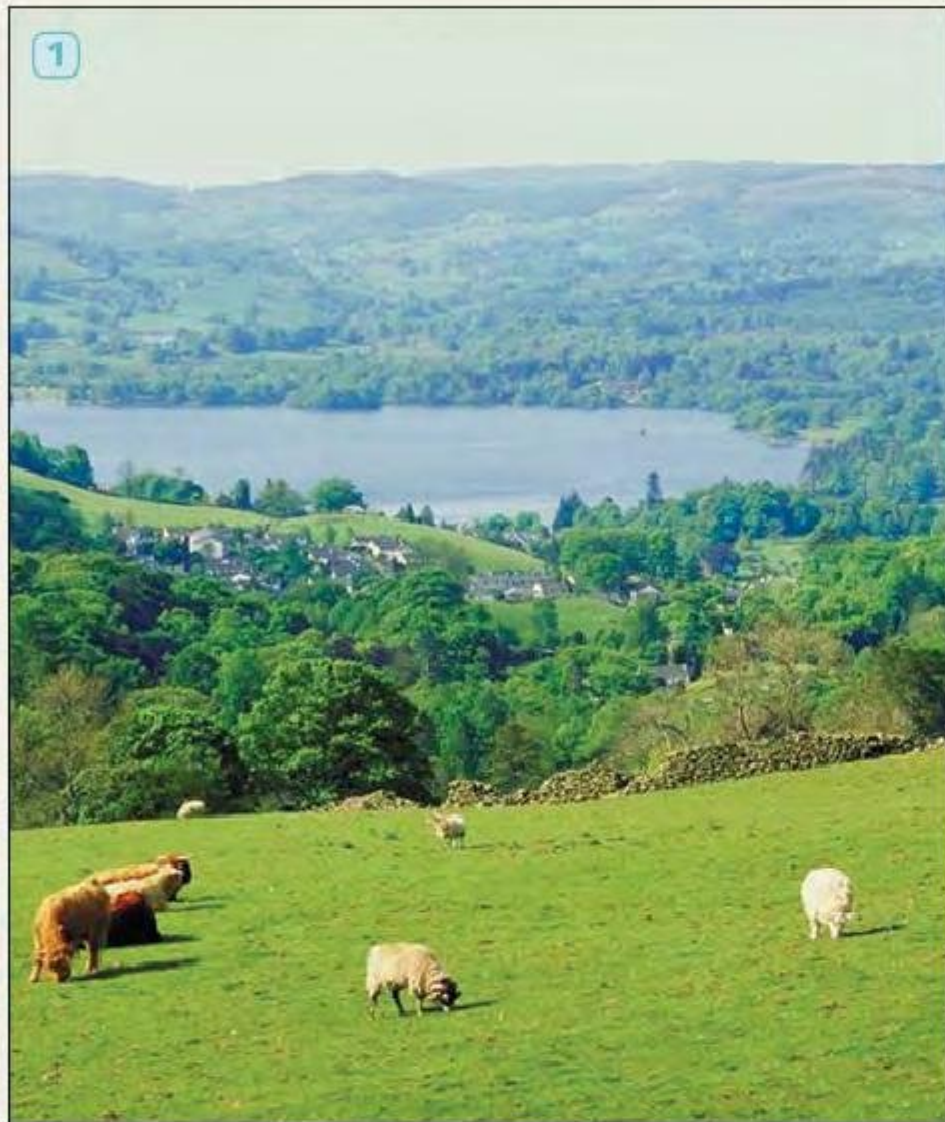
There are 5 main **links**:

- 1 Using raw materials to develop **long-term** benefits.
- 2 Reducing negative **influences** on the environment.
- 3 **Sharing** technology and energy fairly.
- 4 Using **labour** effectively.
- 5 **Making goods** safely.

Table 1 shows the cost of _____ container ships from 2000 _____ 2008. The currency used is _____ / _____.

Between 2000 and 2001 the cost decreased (_____) by around 75% as world trade _____ rapidly after the events of 9/11. The cost _____ by 100% after 2002 and rose (_____) to 25,000 US\$/day in 2003. The cost _____ again in 2004, climbing steeply to US\$45,000 in 2006.

However, the cost began to _____ significantly again, to US\$20,000 in 2006 and _____ to US\$11,000 in 2008 as the global economy _____ down.



Year	Cost: US\$/day
2000	23,000
2001	8,000
2002	12,000
2003	25,000
2004	45,000
2006	20,000
2008	11,000

Table 1: Costs of renting a standard container (US\$/day – ships with minimum capacity 2,500 containers)

5.2 Listening

lecture organization • 'signpost' language

A You are going to hear a lecture about globalization and sustainability. Look at the lecture slides. What will the lecturer talk about? Make a list of points.

B Listen to Part 1 of the lecture. How will the lecture be organized? Put the topics in order (1–4).

- sharing technology effectively ____
- using raw materials for maximum benefit ____
- reducing negative environmental impact ____
- impact on labour markets ____

C Study the topics in Exercise B.

- 1 Write some key words for each topic.
- 2 Can you match the topics with Slides 1–4?
- 3 What is a good way to make notes?
- 4 Make an outline for your notes.

D Listen to Part 2 of the lecture.

- 1 Add information to your outline notes.
- 2 What are the two main aspects in exploitation of materials?
- 3 Why does the lecturer apologize?

E Listen to Part 3 of the lecture.

- 1 The lecturer wants to highlight three issues? Which are they?
- 2 What topic does the lecturer say will be examined later in the course?

F The lecturer used these words and phrases. Match synonyms or similar meanings.

- | | |
|--|-----------------------|
| 1 globalization <input type="checkbox"/> | a skill |
| 2 sustainability <input type="checkbox"/> | b influence |
| 3 benefit (v) <input type="checkbox"/> | c an essential choice |
| 4 substitute <input type="checkbox"/> | d worldwide changes |
| 5 expertise <input type="checkbox"/> | e lasting growth |
| 6 shift (v) <input type="checkbox"/> | f replacement |
| 7 a high priority <input type="checkbox"/> | g gain advantage from |
| 8 impact <input type="checkbox"/> | h transfer |



Slide 1



Slide 2



Slide 3



Slide 4

5.3 Extending skills

note-taking symbols • stress within words • lecture language

A Look at the student notes on the right. They are from the lecture in Lesson 5.2.

- 1 What do the symbols and abbreviations mean?
- 2 The notes contain some factual mistakes. Find and correct them.
- 3 Make the corrected notes into a spidergram.

B Listen to the final part of the lecture.

- 1 Complete your notes.
- 2 Why does the lecture have to stop?
- 3 What is the research task?

C Listen to some stressed syllables. Identify the word below in each case. Number each word.

Example: You hear: 1 *sem* /sem/

You write:

appropriate	_____	assemble	1
efficient	_____	environment	_____
expertise	_____	exploit	_____
extractive	_____	manufacture	_____
pharmaceutical	_____	replaceable	_____
substitution	_____	sustainable	_____

D Study the extract from the lecture on the right.

- 1 Think of one word or phrase for each space.
- 2 Listen and check your ideas.
- 3 Match words or phrases from the blue box below with each word or phrase from the lecture.
- 4 Think of other words or phrases with similar meanings.

As I was saying certainly claim crucial
 fundamentally in other words merely
 most likely moving on must
 naturally perhaps possibly
 Some people say we can see that
 without doubt

E Discuss the research task set by the lecturer.

- 1 What kind of information should you find?
- 2 What do you already know?
- 3 Where can you find more information?


Exploitation of raw materials
 globalization = incentive & challenge
 → sustainability
 2 aspects: i) resources ii) regulations
 i) resources are infinite = will run out, e.g., oil (no replacement) ∴ substitutes needed
 China has no rare deposits
 (+) developing countries, esp. in Africa many raw materials
 (-) need expertise from W. + technology to exploit, e.g., oil industry (approx. 250 y.o.)
 Mid East refining capacity → production; risk to environment, e.g., BP (2009) in Gulf of Mexico
 ii) regulations some improvements but problems with stricter laws in W. Africa. ∴ environmental laws to protect all workers

Now _____ the next topic, technology transfer. Here I want to mention 3Ps – priorities, pollution and poverty! Well, _____, technology should not just be shifted to a developing country. _____, a high priority must be technology which will benefit most people.
 _____ a factory with modern technology will manufacture cheaper products, for example, plastic goods. So, a new factory will _____ have a positive impact on local employment. But it will _____ cause pollution. _____ there are some _____ decisions to be made. Some people _____ that all technology transfer decisions will, _____, have negative consequences. They _____ that only the rich will gain from it and the poor will not benefit.

5.4 Extending skills


making effective contributions to a seminar

- A** Study the figures on the opposite page.
- 1 What do they show?
 - 2 Where do you think the information has come from?

- B**  Listen to some extracts from a seminar about official development assistance (ODA) and foreign direct investment (FDI).

- 1 What is wrong with the contribution of the last speaker in each case? Choose from the following:
 - the contribution is irrelevant
 - the student doesn't contribute anything to the discussion
 - the student interrupts
 - the student doesn't contribute anything relevant to the discussion
 - it is not polite
 - the student doesn't explain the relevance
- 2 What exactly does the student say, in each case?
- 3 What should the student say or do, in each case?



- C**  Listen to some more extracts from the same seminar.

- 1 How does the second speaker make an effective contribution in each case? Choose from the following:
 - by bringing the discussion back to the main point
 - by bringing in another speaker
 - by asking for clarification
 - by linking when unsure that the contribution is new
 - by paraphrasing to check understanding
 - by giving specific examples to help explain a point
 - by linking when unsure that the contribution is relevant
 - by disagreeing politely with a previous speaker
 - by linking to a previous speaker
- 2 What exactly does the student say, in each case?
- 3 What other ways do you know of saying the same things?

- D** Make a table of **Do's** (helpful ways) and **Don'ts** (unhelpful ways) of contributing to seminar discussions.

Do's	Don'ts
ask politely for information	demand information from other students

- E** Look at the information about aid and Foreign Direct Investment (FDI) on the opposite page. Discuss the data with a partner. Use a dictionary if necessary.

- F** Work in groups of four. Each student should find information about the country listed in brackets and identify economic and environmental issues. Also try to find out and evaluate the country's FDI situation.

OECD (2008) aid statistics (NOT FDI)

- Increased by 10% (on 2007) to \$120 bn (£85 bn)
- UK increase 24.1% to approx. £6 bn = 0.56% (GDP)
- UN target = 0.7% of country GDP
- Other increases – Greece (26.9%), Spain (19.4%), USA (16.8), Germany (5.9%), France (2.9%)
- USA still overall biggest donor (\$26 bn)
- Then Japan (2nd), Germany (3rd), France (4th), UK (5th)
- Sub-Saharan Africa received \$22.5 bn

Retrieved: September 20, 2010, from www.guardian.co.uk/business/2009/mar/30/uk-aid-increase

Figure 1: OECD Aid 2008 selected statistics

Key facts: Foreign Direct Investment

- Foreign direct investment (FDI) measures foreign ownership of productive assets, such as factories, mines and land
- Increasing levels of FDI = one measure of economic globalization
- Inflows of FDI measured as % of gross domestic product (GDP)
- Very high levels of FDI can mean problems for domestic economy
- Largest FDI flows between industrialized countries (North America, Western Europe and Japan but China has lot of FDI in Africa and South America)
- Flows to non-industrialized countries are increasing sharply

Source: Watts, J. (2010). *Foreign Direct Investment: From the rich to the poor?* Hadford: Hadford University Press.

Figure 2: General information about FDI

UK FDI

(2006) Investment £49.6 bn compared with (2005) £44.5 bn

Overall FDI at end 2006 = £737 bn – earnings £84.6 bn

Overall FDI at end 2007 = £916 bn – earnings £92.2 bn

Overall FDI at end 2008 = £1,037 bn – earnings £71.3 bn

Region	Amount (2006)	Amount (2007)	Amount (2008)
Europe	16.2	90.7	54.1
The Americas	21.2	53.8	14.1
Asia	8.3	7.7	8.6
Australasia/Oceania	3.6	2.1	8.0
Africa	0.3	4.7	0.9
Total	49.6	159.0	85.7

Source: www.statistics.gov.uk, Office for National Statistics licensed under the Open Government Licence v.10

Figure 3: FDI statistics

Vocabulary bank

Vocabulary sets

It is a good idea to learn words which go together. Why?

- It is easier to remember the words.
- You will have alternative words to use when paraphrasing research findings.
- It is not good style to repeat the same word often, so writers, and sometimes speakers, make use of words from the same set to avoid repetition.

You can create a vocabulary set with:

synonyms	words with similar meanings, e.g., <i>products/goods/items; wealth/affluence/prosperity</i>
antonyms	words with opposite meanings, e.g., <i>rich/poor; surplus/shortage</i>
hypernyms	a general word for a set of words, e.g., <i>vehicle = car, truck, lorry, etc. currency = dollar, yen, euro, etc.</i>
linked words	e.g., <i>growth, expansion, increase, development, spread</i>

Describing trends

You can use a variety of phrases to discuss trends and statistics.

Examples:

Go up	No change	Go down	Adverbs
<i>rise increase grow improve soar</i>	<i>stay the same remain at ... doesn't change is unchanged</i>	<i>fall decrease decline worsen drop plunge plummet</i>	<i>slightly gradually steadily significantly sharply dramatically</i>

Stance

Speakers often use certain words and phrases to show how they feel about what they are saying. Common stance words are:

adverbs	<i>arguably naturally sadly</i>
phrases	<i>of course, ... it's essential to/that ... we might say that ...</i>

In many cases, different stance words and phrases are used in spoken and written language.

Spoken	Written
<i>another thing</i>	<i>additionally</i>
<i>it seems</i>	<i>evidently</i>
<i>unfortunately</i>	<i>regrettably</i>
<i>believe</i>	<i>contend</i>

Skills bank

Signpost language in a lecture

At the beginning of a lecture, a speaker will usually outline the talk. To help listeners understand the order of topics, the speaker will use phrases such as:

To start with I'll talk about ...

Then I'll discuss ...

After that, we'll look at ...

I'll finish by giving a summary of ...

During the lecture, the speaker may:

indicate a new topic	<i>Moving on (from this) ...</i>
say the same thing in a different way	<i>What I mean is, ... That is to say, ... To put it another way, ...</i>
return to the main point	<i>Where was I? Oh, yes, ... To return to the main point ... As I was saying ...</i>

Seminar language

The discussion leader may:

ask for information	<i>What did you learn about ...? Can you explain ...? Can you tell me a bit more about ...?</i>
ask for opinions	<i>What do you make of ...? This is interesting, isn't it?</i>
bring in other speakers	<i>What do you think, Leila?</i>

Participants may:

agree with previous speaker	<i>I agree, and that's why ... That's true, so I think ... You're absolutely right, which is why ...</i>
disagree with previous speaker	<i>I don't think I agree with that. In my opinion ... I'm not sure that's true. I think ...</i>
link to a previous speaker	<i>As Jack said earlier ... Going back to what Leila said a while ago ...</i>
ask for clarification	<i>Could you say more about ...?</i>
paraphrase to check understanding	<i>So what you're saying is ...</i>
refer back to establish relevance	<i>Just going back to ...</i>

Participants may not be sure if a contribution is new or relevant:

I'm sorry. Has anybody made the point that ...?

I don't know if this is relevant, but ...

6 MACROECONOMICS ... BUT MICROFINANCE!

6.1 Vocabulary

paraphrasing at sentence level

A Study the words in the blue box.

- 1 Copy and complete the table. Put the words in one or more boxes, in each case.
- 2 Add affixes to make words for the empty boxes. (Some will not be possible.)
- 3 What is the special meaning of each word in economics?
- 4 Find a synonym for each word in the blue box.
- 5 Group the words in the blue box according to their stress pattern.

B Study Figure 1 on the opposite page. Discuss these questions using words from Exercise A.

- 1 What does the diagram show?
- 2 What does the 'trend' of the economy mean?
- 3 What difference do you observe between the three indicators of growth?

C Student A has written about the GDP of country X, but there are some mistakes. Change the blue words so the sentences are true.

D Student B has also written about the country's GDP. Match each sentence with a corrected sentence from Exercise C.

E Look at the case study on the opposite page.

- 1 Complete the calculations for Martha's micro-business.
- 2 How might a small amount of credit help Martha?
- 3 What risks might there be for Martha and for the microfinance institution or bank?

F Look at Figure 2.

- 1 What does the diagram show? Use words from the blue box.
- 2 Describe life for the people on the left-hand side of the diagram. Write some sentences.
- 3 Discuss your ideas with your partner.
- 4 How do the following affect people's lives?
 - seasonal employment
 - a series of bad harvests
 - illness of the family breadwinner
 - local discovery of an important commodity
 - foreign direct investment in a local factory
- 5 Microfinance supports small-scale business activities. How could microcredit help poor entrepreneurs to improve their lives? Write some notes.

balance complete cycle
employ expect fluctuate grow
health measure performance
predict proceed refer stable
sustainable

Noun	Verb	Adjective
balance (im-)	balance	

Student A

- 1 The economy declined every year between 2007 and 2010, except in 2008 when it did not decline.
- 2 Actual GDP growth in all years was better than expected, except in 2007.
- 3 The economy contracted in the years 2009 and 2010.
- 4 The GDP trend figures suggest instability in the whole economy over the period.
- 5 Government spending over the period was higher than actual GDP growth.
- 6 The government increased spending every year.

Student B

- a In the period shown, actual GDP performance was below predictions, with the exception of 2007.
- b After the downturn in 2008, the economy recovered and expanded again, although less than predicted.
- c GDP trend expectations were for stable and sustained economic growth over the four years.
- d The government was unable to proceed with its expenditure plans for 2008, but otherwise these commitments were fulfilled.
- e With the exception of 2008, when the economy did not expand, positive actual growth was sustained over the period.
- f Government expenditure commitments always remained below actual growth.

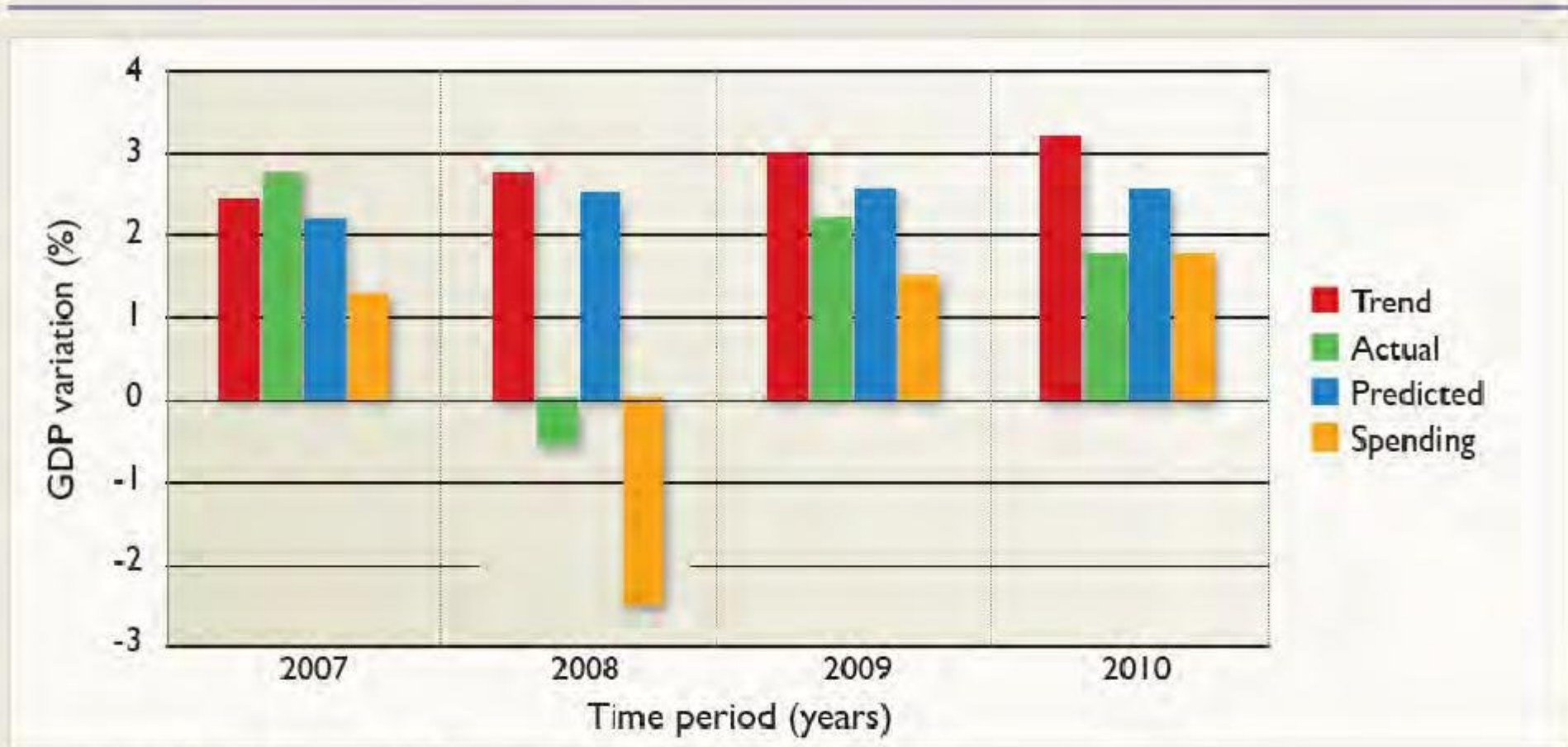


Figure 1: GDP performance in Country X

Microfinance case study

Here are the details of purchases and sales made in one day by Martha, who buys and smokes fish to sell in the village. Use these to construct a profit and loss account (in cents) for her business:

- She buys one basket of fresh fish at the beach for ¢3,500.
- She pays someone ¢200 to carry the fish to her house.
- She buys a load of firewood for ¢1,000.
- She pays a girl ¢200 to help her with cleaning and smoking the fish.
- She pays ¢100 to transport the smoked fish to market.
- She pays a tax of ¢100 at the market.
- She sells the smoked fish in the market for a total of ¢6,000.

Martha doesn't have any overheads or fixed costs.

- 1 One day, Martha reduced her selling price and only got a total of ¢5,000 for her smoked fish. Would she have made a profit or a loss that day?
- 2 One day, Martha sold some of her fish to a local restaurant and got a total of ¢7,000 for all her smoked fish. How much profit did she make?

Make your calculations in the table below!

Sales of smoked fish		6,000
Less direct costs		
Fresh fish		
Firewood		
Wages		
Transport		
Market tax		
Total direct costs		
Profit		



Figure 2: Polarities

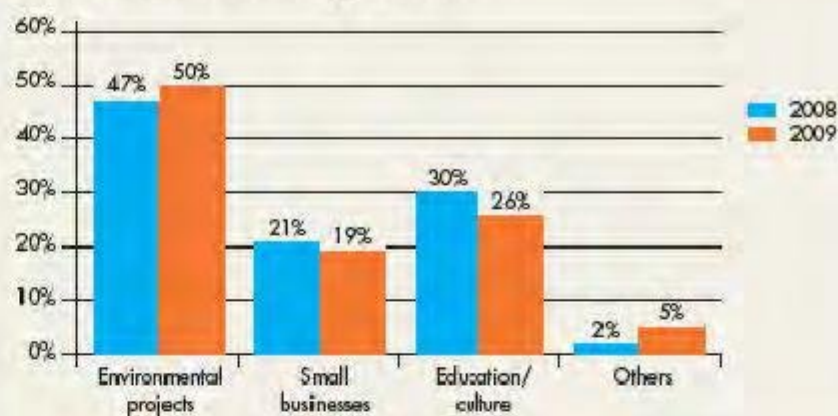
6.2 Reading

identifying subject-verb-object in long sentences • paraphrasing

A Look at the information in the graph. Discuss these questions.

- 1 Which sector does the bank give most loans to? Why do you think this is?
- 2 What happened to investment in small business projects during the period? Why might this have happened?
- 3 As an entrepreneur with a small recycling business, would you ask this bank for a loan? Why (not)?

Nidosbank: loans by sector



B Look at the advertisement for the Greeneco Shopping Guide and answer the questions.

- 1 What sort of guide is this? Why is it helpful to consumers?
- 2 What type of customer is likely to use the Guide?
- 3 Discuss with a partner what 'ethical products' means.

Greeneco fair-trade policy

- All coffee, cotton, tea and cocoa products are from farmers' cooperatives in developing countries.
- Farmers are paid a fixed price for their commodities.
- The fair-trade partner makes a fair contract with the farmers to buy a fixed quantity.
- Good working conditions, schools for children and appropriate housing are essential features of our partners' fair-trade contracts.
- Our guarantee to customers who buy fair-trade products ... their price will be no more than 10% above equivalent non-fair-trade items!

C Look at the title, the introduction and the first sentence of each paragraph on the opposite page. What will the text be about?

D Using your ideas from Exercises A, B and C above, write some research questions.

E Read the text. Does it answer your questions? How does Greeneco's fair-trade policy support small farmers?

F Study the highlighted sentences in the text. Find and underline the subject, verb and object or complement in each sentence.

See Skills bank

G Two students paraphrased part of the text.

- 1 Which part is it?
- 2 Which paraphrase is better? Why?

H Work in groups. Paraphrase a different part of the text.

See Vocabulary box

Student A

One UK microfinance institution, for example, refuses investment in companies linked to weapons production. It also rejects investment in the tobacco industry or tobacco products. This microfinance institution also rejects any investment in companies which do not support human rights in the countries where they have commercial activities. There is also no investment in companies which have polluted the environment seriously. These microfinance institutions have a real social responsibility which other banks admire.

Student B

For instance, investments in armaments manufacture or trade are rejected by one specialist British microfinance bank. Moreover, it has refused to participate in any financial involvement in tobacco production or marketing. Investment is not approved in multinationals with poor human rights records in their overseas operations. If the activities of the enterprise result in any severe pollution, this leads to a refusal of financial commitment by the bank. It is their strong commitment to society, which is now more appreciated by their financial rivals, that is frequently emphasized by the microbanks.

Microfinance: a fair chance for the poor?

Microfinance is different from normal banking because microfinance banks understand the special needs of their poorer customers. A normal bank usually gives someone a loan or credit only when there is security. This is a guarantee that the bank will not lose money on the loan. Many poor people have no security at all, as they are not homeowners and may not have a steady job. Moreover, a high rate of interest, which must be paid by the borrower, is usually demanded. The banks can also fix the term of the loan – three months, six months, one year – according to how they assess the risk. Such conditions are difficult or impossible for poor farmers or small business people. Microcredit, on the other hand, is extremely flexible. For example, a group of people might want to be independent by setting up a small organic farm, a craft workshop or a local radio project. Under normal circumstances, such groups would find it difficult to persuade a bank to finance such projects. However, microcredit enables poor farmers, producers or entrepreneurs to buy seed, equipment or set up a mini-business. The terms of a microfinance loan depends on the realistic chances of success for the borrower. In this way, microfinance supports small entrepreneurs, providing possibilities for them to become self-sufficient and escape poverty. Generally speaking, microfinance has been successful in its objectives, as most loans are repaid on time and the demand for microcredit is increasing steadily.

Microfinance has expanded considerably from the original idea of Muhammad Yunus, the founder of the Grameen Bank, Bangladesh, who was the pioneer of microcredit from the 1970s. He was awarded the Nobel Peace Prize in 2006 for helping to fund entrepreneurial activities started by the poorest people in Bangladesh and elsewhere. Muhammad Yunus' idea has given thousands of poor people access to microfinance.

A useful definition of microfinance is a partnership for sustainable development between banks and unserved individuals or communities, that is, for those people who have never had access to financial services. But in fact, microfinance represents much more. When discussing microfinance, we usually link banks with a social mission. That is, they also have a commitment to help and improve society. Helping the poorest entrepreneurs provides microfinance institutions with an opportunity to fulfil their social responsibility. In addition, they usually support development projects which are sustainable and environmentally friendly. Thirdly, microfinance banks, like other banks, want to make a fair profit. Therefore they need investment, especially from customers who support the principles of the bank by their investment choices.

Moreover, it is the high ethical standards of microfinance banks, such as those in the Global Alliance for Banking on Values (www.gabv.org) which makes them really special. One microfinance institution that is based in the UK outlines its ethical policy clearly. For example, it refuses investment in companies involved in the production or sale of weapons. It will also not invest in the tobacco industry or tobacco products. In addition, it rejects investment in companies which do not uphold basic human rights in countries where those enterprises have business activities. It also does not invest in companies which have caused serious environmental pollution. So, microfinance institutions have developed a real sense of social responsibility, which normal banks are starting to admire.

However, microfinance is not the *only* way for people to escape poverty. Fair-trade projects, for example, offer farmers many advantages through giving fixed prices for their products. Farmers usually join a cooperative project to supply commodities, such as coffee or cocoa. The project often involves a social aspect, too. Better working conditions, better houses and access to education are characteristics of fair-trade projects. Customers are willing to pay a little more for fair-trade products as they are supporting farmers in the developing world. Such fair-trade initiatives provide employment, stability and encourage sustainable production. They offer another way to escape poverty.

In recent developments, however, university research focusing on sustainable development has made some controversial suggestions. Specialists imply that recipients of microfinance do not escape poverty any more easily than those who do not receive it. Other studies suggest availability of microfinance is not enough to guarantee improvements in living standards automatically.

In conclusion, microfinance has become an economic reality. However, a question mark remains about its effectiveness. Many people agree with Fazle Hasan Abed, founder and chairman of BRAC group, the world's largest microfinance institution. He stated: 'We believe these [microfinance] banks have the potential to change the architecture of the financial world and start delivering lasting solutions for unserved and underserved communities and sectors'. (Triodos News, Winter 2009). Perhaps the best way forward is to encourage banks to grant more microcredit by providing tax incentives to the banks or guaranteeing some of their risk. It has been done for normal banking, why not for microfinance?

6.3 Extending skills

understanding complex sentences

A Study the words in box a from the text in Lesson 6.2.

- 1 What part of speech are they in the text?
- 2 Find one or more words in the text with a similar meaning to each word.

a guarantee self-sufficient
microcredit fund mission provide
refuse research imply potential lasting

B Complete the summary with words from Exercise A, changing the form if necessary.

C Study the words in box b.

- 1 What is each base word and its meaning in economics?
- 2 How does the affix change the part of speech?
- 3 What is the meaning in the text in Lesson 6.2?

D Study sentences A–F on the opposite page.

- 1 Copy and complete Table 1. Put the parts of each sentence in the correct box.
- 2 Rewrite the main part of each sentence, changing the verb from active to passive or vice versa.

E Look at the 'Other verbs' column in Table 1.

- 1 How are the clauses linked to the main part of the sentence?
- 2 In sentences A, C and E, what does each relative pronoun refer to?
- 3 Make the clauses into complete sentences.

After more than 30 years, _____ is accepted as a _____ way to _____ entrepreneurial projects for the poorest people to become _____ . Perhaps other banks _____ to _____ money without a _____ . However, _____ at some universities _____ that microfinance may not be effective. It is part of the ethical _____ of many banks to find _____ solutions for small businesses.

b borrower founder entrepreneurial
commitment ethical availability
automatically reality effectiveness
underserved

6.4 Extending skills

writing complex sentences

A Make one sentence for each box on the right, using the method given in red. Include the words in blue. Write the sentences as one paragraph.

The community favoured a voluntary project. This project would encourage long-term involvement.
relative, passive In these circumstances; in the future

B Study the notes on the opposite page which a student made about a case study. Write up the case study. Include the ideas from Exercise A.

The community appointed a committee. The committee would develop the project.
passive, relative After several public meetings

- 1 Divide the notes into sections to make suitable paragraphs. Where should the paragraph in Exercise A go?
- 2 Decide which ideas are suitable topic sentences for the paragraphs. Which idea can you use as a topic sentence for the paragraph in Exercise A?

The committee established a time frame for the project. The time frame was based on realistic expectations. It gave the community enough opportunity for planning and training.
passive, ellipsis, participle As a result

- 3 Make full sentences from the notes, joining ideas where possible, to make one continuous text.

The community had one very valuable resource. This was provided by the people's own strong commitment.
ellipsis Fortunately

A In addition, they usually support development projects which are sustainable and environmentally friendly.

B For example, it refuses investment in companies involved in the production or sale of weapons.

C So, microfinance institutions have developed a real sense of social responsibility, which normal banks are starting to admire.

D A normal bank usually gives someone a loan or credit only when there is security.

E Moreover, a high rate of interest, which must be paid by the borrower, is usually demanded.

F In this way, microfinance supports small entrepreneurs, providing possibilities for them to become self-sufficient and escape poverty.

Table 1: Breaking a complex sentence into constituent parts

Main S	Main V	Main O/C	Other V + S/O/C	Adv. phrases
A they	support	development projects	which are sustainable and environmentally friendly	In addition, usually
B				

Microfinance case study: loan strategy for community radio project

- Many local communities have no representative voice, e.g., Dartworth (SE London).
(two years ago) ethnic and cultural factors ∴ need to maintain cult. identity; incl. languages; special problems for e.g., young, old, women at home
- Limited info about special community events (e.g., concerts, trips, meetings, religious events, film shows, sports)
- ∴ Initiative → local radio station - e.g., news, music, announcements, interviews, etc.
- Valuable resource - strong community commitment ∴ voluntary involvement in long-term project
- Many public meetings
- local project - ∴ committee elected → responsible for radio station project
- Time frame - realistic! Opportunities for planning & training - e.g., technical training
First step - committee approached local council - received approval, also suitable premises & grant of £100,000 promised to fund project dependent on availability of other funding
- Second step = need to identify funding possibilities ∴ committee wrote to three local 'high street' banks; all wanted security for loans; all wanted interest (rates ranging between 8.5% and 12.5%!). Fixed-term conditions (12 mths max. offered!)
- Committee got in touch with microfinance bank. Bank 'matched' local council funds (i.e., £100,000 at 2.25% interest over 18 months). Accepted by committee.
- Microfinance available immediately → training
- Money → equipment - e.g., microphones, transmitter, etc.
- Result - six trained volunteers for broadcast times and office activities
- Microfinance → good results
- Guaranteed - revenue from advertising - contracts with local shops, restaurants, sports clubs, etc.
- Pilot broadcasts (six-eight hrs/dgy) - public survey → (v. positive feedback)
After 12 mths ad. rev. £4,500/mth. Bank repayments easily made.

Vocabulary bank

Reporting findings

You cannot use another writer's words unless you directly quote. Instead, you must restate or **paraphrase**.

There are several useful ways to do this:

use a synonym of a word or phrase	<i>spending → expenditure social responsibility → commitment to society unless there is security → only when there is a guarantee</i>
change negative to positive and vice versa	<i>the economy declined → the economy did not expand</i>
use a replacement subject	<i>a limited number of fair-trade products are sold → there may be limited availability of fair-trade products</i>
change from active to passive or vice versa	<i>farmers can negotiate a higher price for special quality → an increased price can be negotiated for special quality</i>
change the order of information	<i>a minimum fair-trade price is paid whatever the market price → whatever the market price, a minimum fair-trade price is offered</i>

When reporting findings from one source, you should use all the methods above.

Example:

Original text	<i>The economy grew every year between 2007 and 2010, except in 2008 when it contracted.</i>
Report	<i>With the exception of 2008 when the economy did not expand, positive actual growth was sustained over the period 2007–2010.</i>

Important

When paraphrasing, you should aim to make sure that 90% of the words you use are different from the original. It is not enough to change only a few vocabulary items: this will result in plagiarism.

Example:

Original text	<i>For example, it refuses investment in companies involved in the production or sale of weapons.</i>
Plagiarism	<i>One UK microfinance institution, for example, refuses investment in companies linked to weapons production.</i>

Skills bank

Finding the main information

Sentences in academic and technical texts are often very long.

Example:

In addition, microfinance institutions usually support development projects which are sustainable and environmentally friendly.

You often don't have to understand every word, but you must **identify the subject, the verb and the object**, if there is one.

For example, in the sentence above, we find:

subject = *institutions*

verb = *support*

object = *projects*

Remember!

You can remove any leading prepositional phrases at this point to help you find the subject, e.g., *in recent developments, ...*

You must then find the **main words which modify** the subject, the verb and the object or complement.

In the sentence above we find:

Which institutions? = microfinance institutions

How support? = usually

Which projects? = development projects

What about them? = they are sustainable and environmentally friendly

Ellipsis

Sometimes, if the meaning is clear, words are implied rather than actually given in the text.

Examples:

- *It refuses to invest in companies (which are) engaged in activities which pollute the environment.*
- *Fortunately, the community had one very valuable resource (which was) provided by the people's commitment.*
- *The community project was approved by the local council and a grant of £100,000 (was) given to the committee.*

7 SAVING, SPENDING ... BORROWING AND LENDING!

7.1 Vocabulary

compound nouns • fixed phrases

A Study the words in box a.

- Match nouns in column 1 with nouns in column 2 to make compound nouns.
- Which word in each compound noun has the strongest stress?

1	2
basis	bond
credit	currency
interest	investment
money	risk
stock-market	
	assessment
	index
	point
	rate
	rating
	strategy
	supply
	trading
	yield

B Study the phrases in box b.

- Complete each phrase with one word.
- Is each phrase followed by:
 - a noun (including gerund)?
 - subject + verb?
 - an infinitive?
- What is each phrase used for?

as shown ... as well ... in addition ...
 in order ... in such a way ...
 in the case ... known ...
 the end ... the use ...

C Look at the investment information for potential savers in Table 1 on the opposite page. Look at the advertising captions (1–6) which refer to some of the information in Table 1. Put them into a suitable order to demonstrate how the bank might try to sell this financial product.

D Read extracts A–F on the right. They give details of this savings opportunity.

- Match each extract with an advertising caption (1–6) from the opposite page.
- Complete each sentence with one or more phrases from box b.

E Look at the Stanmore Investment Bank forecast (Table 2) on the opposite page. What does it show?

F Read the text under Table 2. Match the phrases in box c with the highlighted phrases.

G Look at the investment strategy options in Table 2. Complete this Stanmore Investment Bank memo using phrases from boxes b and c.

- A** Through _____ a number of global stock-market indices, the bank can monitor investments _____ profits are maximized.
- B** _____ the example investment of £3,600, investors receive a minimum return of 11% _____ six years, provided that no withdrawals are made.
- C** _____ take advantage of stock-market growth, many investors are willing to take a number of reasonable risks.
- D** _____ stock-market growth which is in excess of 11%, investors may receive up to 100%, subject to certain conditions.
- E** _____ the full return of capital and guaranteed rate of interest, investors also receive a proportion of stock-market growth.
- F** _____ attract more cautious savers, we offer an attractive savings plan, based on a fixed deposit, _____ protected equity bonds (PEB).

My recommendation is that the investment strategy _____ option 3 should be chosen. My opinion is _____ personal experience, but also on _____ other points. Firstly, _____ spreading our risk, we have not fully taken advantage of _____ the Asian market. We need to _____ that there is _____ financial products on offer. _____, this market is important for the global expansion and influence of this company. We have to _____ the demands of our investors. They might consider we did not recognize _____ Asian economic expansion _____ to make substantial profits from the growing market. However, _____, we must continue to assess the risks successfully.

a number of a variety of
 at the same time bear in mind
 based on take into account
 from the point of view of
 the beginning of the development of

Bond values (Germany)



BUNDANLV.09/19 DE0001135382	110.54	110.35 110.40	5.53 mio	41,721,603.05
BUNDANLV.09/20 DE0001135390	108.64	108.38 108.434	5.43 mio	33,201,132.93
BUNDESBLV.09/14 S.155 DE0001141554	105.00	105.005 105.055	5.28 mio	34,489,956.95
VUNDANLV.01/11 DE0001135184	103.19	103.081 103.131	5.18 mio	38,835,554.86
BUNDESBLV.08/13 S.153 DE0001141539	109.03	108.97 109.02	2.48 mio	17,985,563.50

Is a PEB right for you?

- 1 A PEB is linked to major stock-market indices worldwide to provide excellent chances of healthy profits!
- 2 If stock-market growth exceeds 11%, you may receive 100% of that growth!
- 3 A PEB is ideal for cautious investors! It spreads the risk and maximizes the investment!
- 4 As the diagram illustrates, you need to invest a minimum of £3,600 over a six-year term! Guaranteed interest rate 11%. No withdrawals permitted!
- 5 Are you worried about investment risks? Maximize gains and eliminate losses with our Protected Equity Bond!
- 6 On maturity, guaranteed 11% rate of interest – independent of stock-market performance

Indices used	Example 1	Example 2	Example 3
FTSE 100	+ 20%	+ 20%	+ 85%
DAX 100	- 5%	+ 30 %	+ 65%
S & P 500	- 30%	+ 40%	+ 75%
Total % change	- 15%	+ 90%	+ 225%
Average index growth	- 5%	+ 30%	+ 75%
Guaranteed rate of return	11%	+ 30%	+ 50% (*)
Gross amount received at end of six years	£3,996	£ 4,680	£5,400

Table 1: Example investment of £3,600 over six years in a protected equity bond (PEB) * Maximum index growth of 50%

Option	Yield	Risk	Option	Yield	Risk	Option	Yield	Risk
1 FTSE	2.8%	Low	4 Asia services	3.0%	Low	7 Collier Hedge	3.4%	High
2 DAX	2.5%	Low	5 Asia industrials	3.1%	Medium > High	8 London Pension Fund	2.9%	Medium
3 S&P	2.7%	Low	6 China mixed	3.0%	Medium > High	9 East Eurinvest	3.2%	High

Table 2: Stanmore Investment Bank: Forecast of yields (per annum)/risk assessment 2010–2020

Table 2 outlines investment options for Stanmore Investment Bank and has been produced to illustrate and implement new long-term investment strategies. The table makes it clear that we must consider several strategic factors. The bank finds itself in a situation where different investment options are available. For example, the table reflects the evolution of a new Asian services industry market. The start of this expansion was predictable, when we think that disposable incomes are growing in the strongest Asian economies. From the perspective of our investors, they expect us to invest skillfully, according to our expertise and experience. Simultaneously, they expect us to minimize risk while maximizing returns. Comparisons with traditional investment markets, based on UK, US and German stock markets, are illustrated.



7.2 Listening

fixed phrases • sequencing information in sentences

A You are going to hear the lecture on the right. Write four questions you would like answered.

B Listen to Part 1 of the lecture.

- 1 What is the lecturer going to talk about today? Write *yes*, *no* or *not mentioned*.
 - Impact of exports on aggregate demand _____
 - Aggregate supply _____
 - How business expectations can influence demand _____
 - Government borrowing _____
 - Definition of aggregate demand _____
 - A contrast of European government expenditure _____
 - Factors affecting aggregate demand _____

2 What is *aggregate demand*?

C Listen to Part 2 of the lecture.

- 1 Make notes in an appropriate form.
- 2 What is *privatization*?
- 3 Give some examples of industries or activities that have been privatized in the UK.
- 4 Were your questions in Exercise A answered?

D Match each phrase in the first column of the table on the right with the type of information that can follow.

E Listen to Part 3 of the lecture.

- 1 Make notes on the information that comes after the phrases in Exercise D.
- 2 Were your questions in Exercise A answered?

F Listen for sentences 1–4 in Part 4 of the lecture. Which sentence (a or b) follows in each case? Why?
See Skills bank

- 1 An economic reality is that companies cannot simply invest in response to consumer demand.
 - a Consumer demand does not determine the level of interest rates on its own.
 - b The level of interest rates is not determined by consumer demand alone.
- 2 But companies must take into account interest rates, too, before increasing investment.
 - a If interest rates are high, they cannot afford to borrow.
 - b They cannot afford to borrow if interest rates are high.
- 3 The point is that interest rates are not just related to credit arrangements such as mortgages.
 - a With interest rates, the important thing is that they are also very closely linked to business investment.
 - b What's important about interest rates is that they are also very closely linked to business investment.
- 4 But there are also changes in business expectations to consider.
 - a These are negative when rates are rising or positive when they are falling.
 - b What's different is that expectations vary from positive, when rates fall, to negative when rates rise.

G This lecturer is not very well organized. What problems are there in the lecture?

 HADFORD University

Faculty: Economics

Macroeconomics: Expenditure, aggregate demand and investment

Lecture overview

- Government expenditure (e.g., UK)
- AD – definitions, etc.
- Shifts in AD
- Factors influencing investment
- Budget deficits

Fixed phrase	Followed by ...
1 In this way ...	a different way to think about the topic
2 As you can see, ...	an imaginary example
3 In economic terms, ...	an explanation of a word or phrase
4 An important concept (is) ...	a concluding comment giving a result of something
5 Say ...	a new idea or topic that the lecturer wants to discuss
6 Looking at it another way, ...	a key statement or idea
7 What do I mean by ...?	a comment about a diagram, figure or picture
8 The point is ...	a general idea put into a specific context

7.3 Extending skills

stress within words • fixed phrases • giving sentences a special focus

A Listen to some stressed syllables. Identify the word below in each case. Number each word.

Example:

You hear: 1 *tane* /teɪn/ You write:

- | | | | | | |
|-------------|-------|-----------|-------|----------------|-------|
| accelerator | _____ | financial | _____ | privatization | _____ |
| aggregate | _____ | injection | _____ | procurement | _____ |
| competitive | _____ | maximize | _____ | resource | _____ |
| expectation | _____ | mortgage | _____ | simultaneously | 1 |

B Listen to the final part of the lecture from Lesson 2.

- 1 Complete the notes on the right by adding a symbol in each space.
- 2 What research task(s) are you asked to do?

C Study the phrases from the lecture in the blue box. For which of the following purposes did the lecturer use each phrase?

- to introduce a new topic
- to emphasize a major point
- to add a point
- to finish a list
- to give an example
- to restate

D Rewrite these sentences to give a special focus. Begin with the words in brackets.

- 1 Spending less than you earn or receive is a much better idea rather than the opposite. (*It*)
- 2 Immediately after the Second World War, the Labour government established the pattern of government spending. (*It*)
- 3 The government prioritized social expenditure because so much infrastructure had been destroyed in the war. (*Two sentences. First = 'It'; second = 'The reason'*)
- 4 It is really important to bear in mind this division of expenditure when discussing public sector budgets. (*What*)
- 5 These three categories enable the government to decide spending priorities. (*The advantage*)

See Skills bank

E Choose one section of the lecture. Refer to your notes and give a spoken summary. Use the fixed phrases and ways of giving special focus that you have looked at.

F Work with a partner.

- 1 Make expenditure and revenue charts for a country, explaining your priorities. Use the UK government expenditure chart on the next page as a model.
- 2 Present your charts to another pair. Practise using fixed phrases and ways of giving special focus.

See Vocabulary bank and Skills bank

Budget planning = v. complex _____
 1 range of factors, e.g., previous year, predictions, guesswork!
 + borrowing _____ deficit
 2 modern UK macroeconomics
 When? Post-SWW
 Who? Labour government
 What? Established pattern of gov. spending _____
 infrastructure destroyed in war _____
 social priorities
 i.e., welfare, social benefits _____
 3 expenditure categories
 1 transfer payments, e.g., unemployment/ social benefits, etc.
 2 current e., e.g., day-to-day public sector/wages
 3 capital e., e.g., infrastructure
 N.B. (+) gov. can prioritize e.
 (+) allocate public sector resources


etc.
 i.e./that is to say
 In other words, ...
 Let's take ...
 Let me put it another way.
 I almost forgot to mention ...
 Not to mention the fact that ...
 Plus there's the fact that ...
 The fact of the matter is, ...
 You've probably heard of ...

7.4 Extending skills


making effective contributions to a seminar

A Look at the pie chart on this page and Figure 1 on the opposite page.

- 1 What do they show?
- 2 What were the main areas of expenditure for 2008–2009?
- 3 How did government spending in 2009–2010 compare with the previous year?
- 4 What will be the approximate totals for the complete years?
- 5 Where does the information come from?


B  Look at Table 2 on the opposite page as you listen to the first extract from a seminar about government deficits.

- 1 What questions will the students discuss?
- 2 What is the feeling of governments about the current financial position?

C  Listen to Extract 2 of the seminar. Are these sentences true or false?

- 1 Government spending declines in a recession. _____
- 2 The USA has a huge budget surplus. _____
- 3 Most governments have to borrow. _____
- 4 'Gilts' are bonds issued by governments to raise money. _____
- 5 Debt reduction is a relatively simple process. _____

D Study tasks a–d below and the phrases in the blue box.

- 1 Write a, b, c or d next to each phrase to show its use.
 - a introducing
 - b asking for clarification
 - c agreeing/disagreeing
 - d clarifying
- 2  Listen to Extract 2 again to check your answers.

E Work in groups of four to research various options in order to reduce government spending.

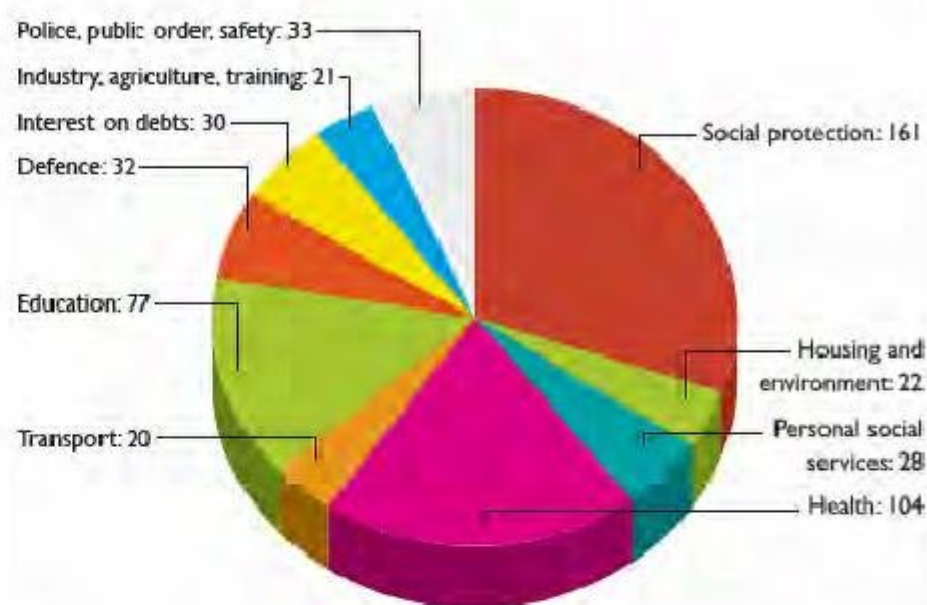
- Student A: read the information on page 102.
 Student B: read the information on page 105
 Student C: read the information on page 105.
 Student D: read the information on page 106.

After reading the notes, discuss the options in your group. Use fixed phrases to ask for and give clarification.

F Work in groups. Select the best options to maximize savings or increase revenue.

- 1 Work with another group and compare your decisions.
- 2 Report to the class on your discussion, giving reasons for your decisions.

UK government spending 2007–2008 (£bn)



Data from: www.hm-treasury.gov.uk

I'd like to make two points.
 First, ... _____

Can you expand on that? _____

The point is ... _____

What's your second point? _____

My second point is that ... _____

Yes, but ... _____

I don't agree with that
 because ... _____

Sorry, but who are we talking
 about, exactly? _____

We need to be clear here. _____

I'd just like to say that ... _____

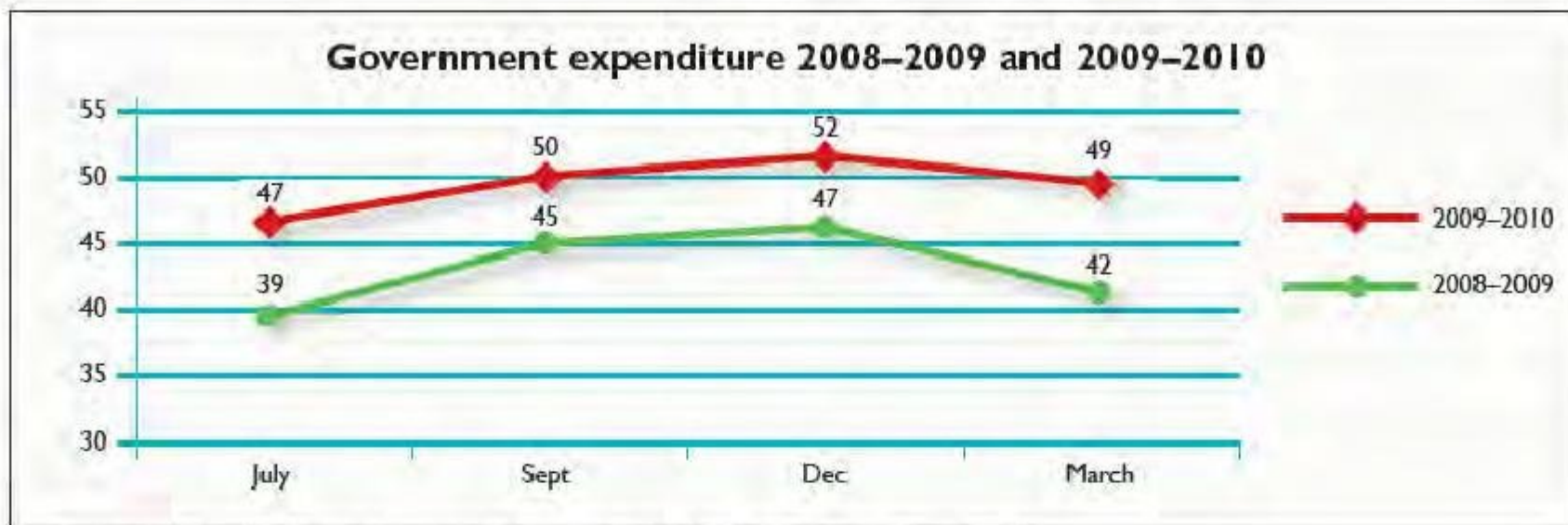
In what way? _____

What I'm trying to say is, ... _____

Can you give me an example? _____

Look at it this way _____

Absolutely. _____



Based on information available at www.hm-treasury.gov.uk, licensed under the Open Government Licence v.10

Figure 1

£ billion	August		April-August		Difference
	2009	2010	2009	2010	
Current receipts					
Taxes on production	13.7	15.1	68.1	79.9	11.8
Taxes on income	11.6	12.2	68.4	72.8	4.5
Other taxes	1.0	1.1	5.1	5.4	0.3
Social contributions	7.4	7.6	38.1	38.8	0.8
Interest and dividends	0.4	0.4	2.8	2.0	-0.8
Other receipts	0.7	0.7	3.5	3.6	0.1
Total receipts	34.9	37.1	185.9	202.6	16.7
Current expenditure					
Interest	1.3	3.8	11.1	19.2	8.1
Social benefits	13.5	14.3	68.6	70.9	2.3
Other expenditure	30.1	31.8	155.5	160.5	5.0
Total current expenditure	44.9	49.8	235.3	250.6	15.3

Based on information at <http://www.statistics.gov.uk>, Office for National Statistics licensed under the Open Government Licence v.10

Table 2: Central government account (presented September 2010 for August and April-August 2010)

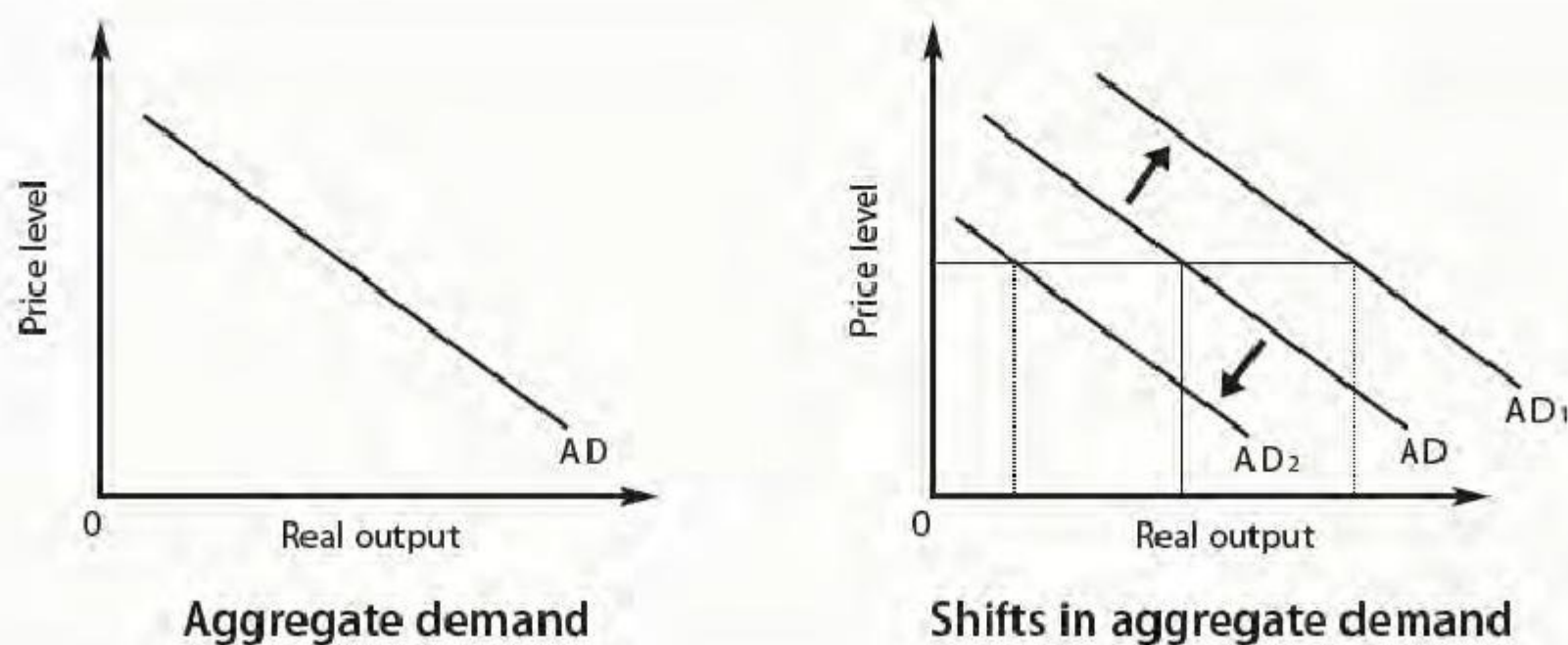


Figure 2: Aggregate demand curves

Vocabulary bank

Recognizing fixed phrases from economics (1)

There are many fixed phrases in the field of economics.

Examples:

Phrase	Meaning in the discipline
<i>aggregate demand</i>	the total demand for all goods and services in the economy
<i>bond yield</i>	the profit or interest gained over the lifetime of a bond, which is often a low-risk, fixed-term, fixed-rate investment
<i>budget deficit</i>	the gap between real (or predicted) revenue (or income) and expenditure
<i>capital investment</i>	the money invested by a government or a company, usually in order to expand

Keep a list of fixed phrases used in economics and remind yourself regularly of the meaning.

Recognizing fixed phrases from academic English (1)

There are also a large number of fixed phrases which are commonly used in academic and technical English in general.

Examples:

Phrase	What comes next?
<i>As we have seen ...</i>	a reminder of previous information
<i>An important concept is ...</i>	one of the basic points underlying the topic
<i>As you can see, ...</i>	a reference to an illustration OR a logical conclusion from previous information
<i>As shown in ...</i>	a reference to a diagram or table
<i>... in such a way that ...</i>	a result of something
<i>In addition to (X, Y)</i>	X = reminder of last point, Y = new point
<i>As well as (X, Y)</i>	
<i>In the case of ...</i>	a reference to a particular topic or, more often, sub-topic
<i>At the same time, ...</i>	an action or idea which must be considered alongside another action or idea
<i>... based on ...</i>	a piece of research, a theory, an idea
<i>Bear in mind (that) ...</i>	key information which helps to explain (or limit in some way) previous information
<i>The point is ...</i>	the basic information underlying an explanation
<i>in order to (do X, Y)</i>	X = objective, Y = necessary actions/conditions
<i>In financial terms, ...</i>	something seen from a financial point of view
<i>In other words, ...</i>	the same information put in a different way
<i>Looking at it another way, ...</i>	
<i>In this way ...</i>	a result from previous information
<i>Say ...</i>	an example
<i>What do I mean by (X)?</i>	an explanation of X

Make sure you know what kind of information comes next.

Skills bank

'Given' and 'new' information in sentences

In English, we can put important information at the beginning or at the end of a sentence. There are two types of important information.

- 1 Information which the listener or reader already knows, from general knowledge or from previous information in the text. This can be called 'given' information. It normally goes at the beginning of the sentence.
- 2 Information which is new in this text. This can be called 'new' information. It normally goes at the end of a sentence.

Example:

In Lesson 7.2, the lecturer is talking about *aggregate demand*, so *aggregate demand in general* = given information.

Given	New
<i>Aggregate demand</i>	<i>involves those factors which influence the macroeconomy.</i>
<i>This form of demand</i>	<i>is made up of consumption, investment, government expenditure and the balance of trade.</i>

Giving sentences a special focus

We sometimes change the normal word order to emphasize a particular point, e.g., a person, an object, a time.

Examples:

Normal sentence	<i>The Labour government prioritized social welfare expenditure immediately after the Second World War.</i>
Focusing on person, institution, etc.	<i>It was the Labour government which ... It was the Labour Prime Minister, Clement Attlee, who ...</i>
Focusing on object	<i>It was social welfare expenditure which the Labour government ...</i>
Focusing on time	<i>It was immediately after the Second World War that ...</i>

Introducing new information

We can use special structures to introduce a new topic.

Examples:

Government expenditure is my topic for today.

→ *What I am going to talk about today is government expenditure.*

A balanced budget is very difficult to achieve.

→ *What is very difficult to achieve is a balanced budget.*

A strong social welfare policy causes additional public sector expenditure.

→ *The reason for additional public sector expenditure is a strong social welfare policy.*

Any serious lack of investment leads to economic stagnation.

→ *The result of a serious lack of investment is economic stagnation.*

Clarifying points

When we are speaking, we often have to clarify points. There are many expressions which we can use.

Examples:

Let me put it another way ...

What I'm trying to say is ...

Look at it this way ...

The point/thing is ...

8 THE ECONOMICS OF AGRICULTURE

8.1 Vocabulary

synonyms • nouns from verbs • paraphrasing

A Discuss the following questions.

- 1 Why are supply and demand for agricultural products different when compared with most other goods and services?
- 2 What is the link between each word in box a and the economics of agriculture?

B Look at Figures 1 and 2 on the opposite page and discuss the information in each diagram.

- 1 What has happened to commodity prices over the period?
- 2 Why was 2007 an exceptional year for food prices?
- 3 What is predicted to happen to commodity prices?

C Look up each noun in box b in a dictionary.

- 1 Is it countable, uncountable or both?
- 2 What is its meaning in economics?
- 3 What is a good synonym?
- 4 What useful grammatical information can you find?

D Study the two lists of verbs in box c.

- 1 Match the verbs with similar meanings.
- 2 Make nouns from the verbs if possible.

E Look at the Hadford University handout.

- 1 Does the writer use an example or a definition to explain each section heading?
- 2 Find synonyms for the blue words and phrases. Use a dictionary if necessary.
- 3 Rewrite each sentence to make paraphrases of the texts. Use:
 - synonyms you have found yourself
 - synonyms from Exercise C
 - the nouns you made in Exercise D
 - passives where possible
 - any other words that are necessary

Example:

If a price rise is minimal, we must examine if demand reacts proportionately.

→ *With a small price increase, it must be examined whether the reaction in demand is proportionate.*

F Study Figure 3 which illustrates price inelasticity for agricultural commodities.

- 1 Why is it difficult to set target prices for agricultural commodities?
- 2 Why can buffer stocks not always be set up?

a barrier demand excess fluctuation shortage

b alleviation elasticity facility infrastructure mechanism protection stocks storage subsistence surplus

c	1	2
	affect	purchase
	buy	sustain
	change	impact (on)
	maintain	assess
	measure	react
	minimize	fluctuate
	replace	substitute
	respond	limit



HADFORD University

Concepts in elasticity

A Price elasticity of demand (PeD)

Economists and business people **use** this concept to measure how a change in one **variable**, for instance, price, can **affect** another factor. The other variable usually, but not always, **relates to** the quantity demanded. If a price rise is **minimal**, we must examine if demand **reacts** proportionately. That means we must analyze if demand falls by an **insignificant** amount. With a small fall in prices, we must examine if there is a small increase in demand or a **proportionately larger** increase.

B Price inelasticity in agricultural products

For millions of people worldwide, rice is a **staple food commodity** which they eat every day. For this reason, it is very difficult to **replace** this crop, which makes rice 'price inelastic'. This means that people will buy it even if prices rise. To **guarantee** a **consistent** supply, many governments **set up** buffer stocks. These **minimize huge** price **fluctuations** in times of good or bad harvests. Governments store surplus rice in good years and **release** it if the harvest is poor. This **ensures** price stability.

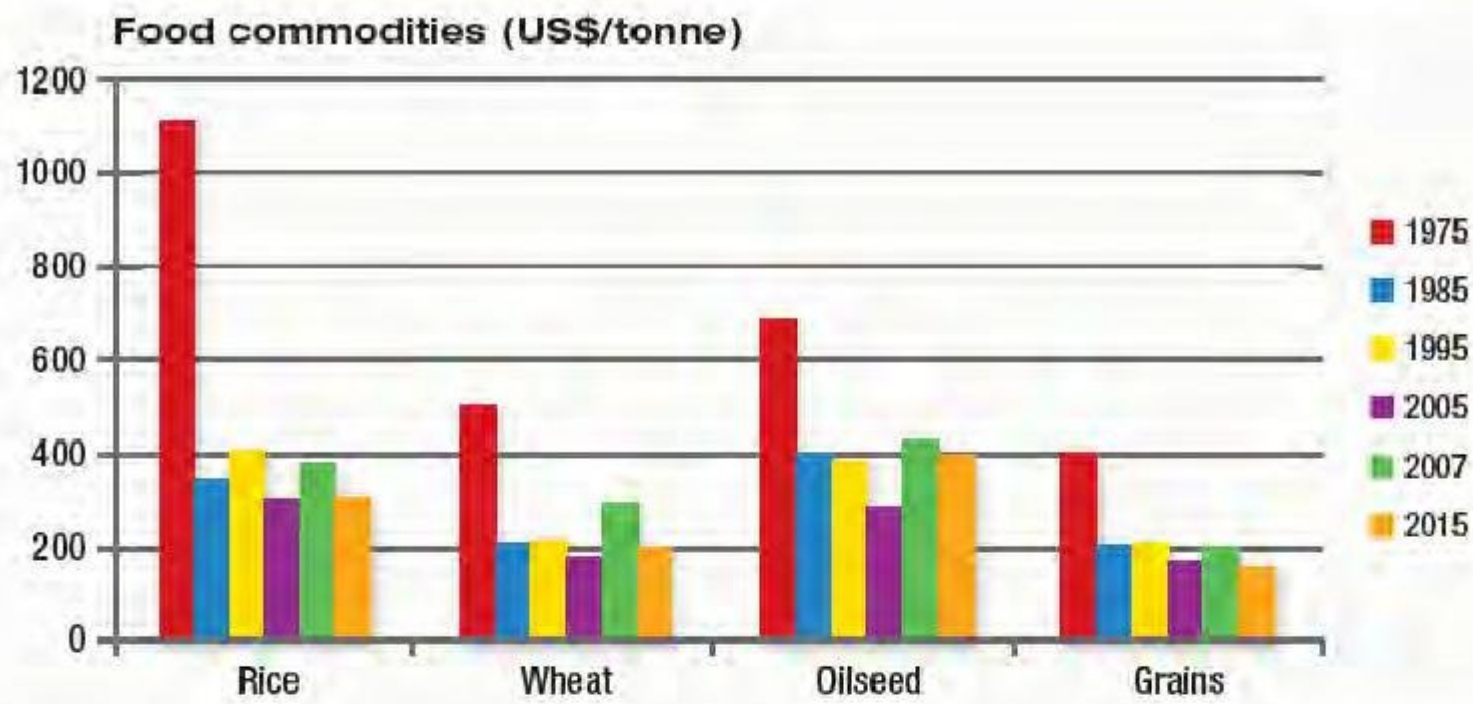


Figure 1: Prices of food commodities from 1975–2015 (predicted) US\$/tonnes

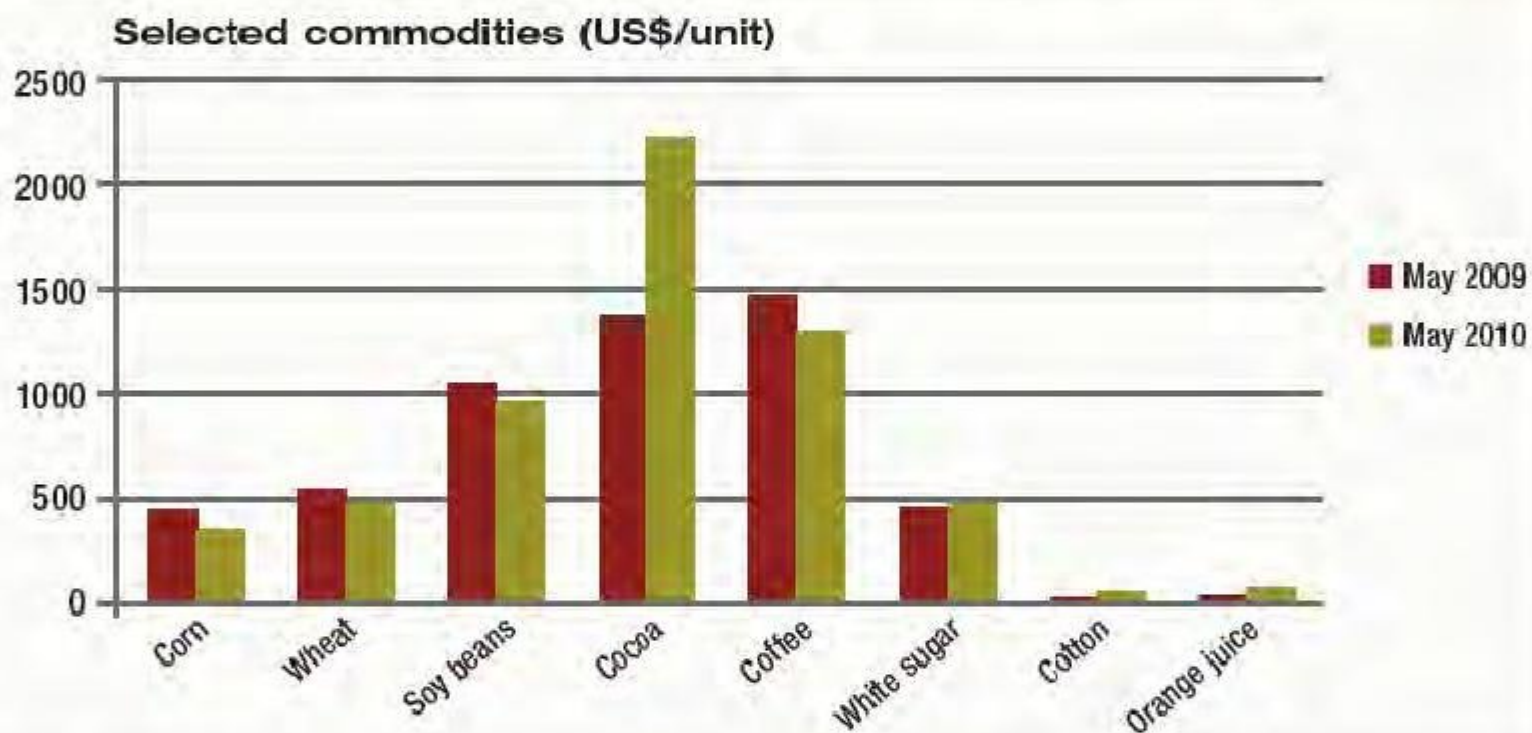
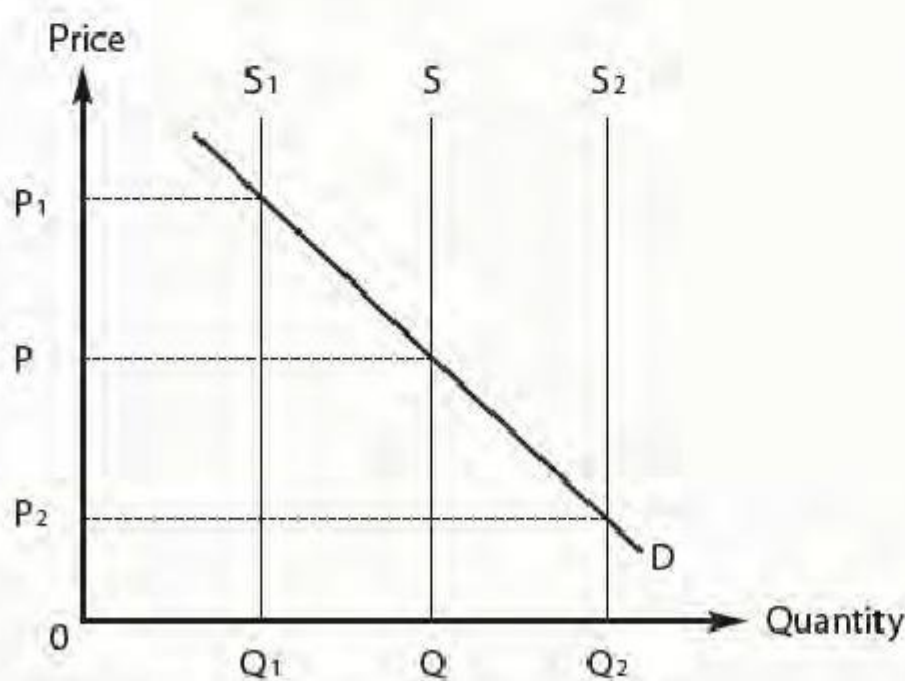


Figure 2: Price changes for traded commodities 2009–2010



To maintain price OP , the supply must be OQ . In a good year, supply increases to OQ_1 which would result in a price fall to OP_2 . But the government purchases stocks at OQ_1 and stores them. So only OQ is released onto the market. In a bad year, supply is at OQ_2 which would result in a price increase to OP_1 . Buffer stocks are released (the difference between Q_2 and Q) to maintain the price at OP in the market.

Figure 3: Inelasticity of supply: buffer stock mechanisms for agricultural products

8.2 Reading

recognizing essay types • understanding complex sentences with passives • defining terms

A Look at the commodities in the blue box.

- 1 Which commodities are more difficult to trade internationally? Why?
- 2 Which commodities are staple food crops for humans? Which provide(s) animal food?
- 3 Which crop is processed most?

beef milk palm oil rice soy beans
sugar wheat

B Look at the four essay types on the right.

- 1 What should the writer do in each type?
- 2 Match each essay type with one of the questions on the right (A–D).
- 3 What topics should be covered in each essay question?



There are four main essay types in economics:

- descriptive
- analytical
- comparison
- argument

You may need to illustrate answers with diagrams or figures.

C Read the title of the text on the opposite page and the first sentence of each paragraph.

- 1 What will the text be about?
- 2 Choose one of the essay questions in Exercise B. Write four research questions which will help you to find information for your essay.

A What are the advantages and disadvantages of commodity buffer stocks in developing countries?

B 'If countries continue to blame each other for the world food crisis, we will find no long-term solution.' To what extent do you agree with this statement?

C Explain, using examples, how the concept of price inelasticity of supply is used when governments set up buffer stocks of food products.

D Which factors contribute to global food shortages? Describe how economists can help to find a solution to such problems.

D Read the text.

- 1 Using your own words, make notes from the text on information for your essay question.
- 2 Work with another person who has chosen the same essay question as you. Compare your notes.

E Study the highlighted sentences in the text.

- 1 Underline all the subjects and their verbs.
- 2 Which is the main subject and verb for each sentence?

F Study the table on the right.

- 1 Match each word or phrase with its meaning.
- 2 Underline the words or phrases in the text which the writer uses to give the definitions.

Word/phrase	Meaning
1 intervention mechanisms	a type of agriculture in which farmers only grow enough for the daily needs of themselves and their families
2 staple foods	products made from biological materials to be used as substitutes for petrol and oil
3 perishability	taxes which protect a country's goods against competition from another nation
4 buffer stocks	essential, basic items such as rice, cooking oil or cereals
5 tariffs	government measures to protect producers and to ensure a fixed and stable price for them
6 biofuels	a system which uses a surplus from a good year to maintain a reliable and cheap supply for bad years
7 subsistence farming	quality of some commodities which means they go bad or may easily be affected by disease when they are in storage, which leads to wastage

See Vocabulary bank

Can economics help the world food crisis and ensure food security?

Most people are aware that the world is facing a severe food crisis. The global population is growing and the developing world in particular is feeling the strain. In 2007–2008, for example, there were very dramatic rises in food commodity prices. This was a serious situation, which was recognized by all countries. At that time, the number one global challenge was to alleviate hunger and poverty. The main priority, which was identified by world leaders, was food security. This can be ensured by sustainable agriculture. However, the global economic crisis occurred and the magnitude of the financial problems had far-reaching consequences for the world's poorest people. In other words, the alleviation of food shortages, control of rising prices and protection of agricultural environments had to take second place.

Good economic planning with sustainable agricultural expansion is needed urgently. A lot of agriculture is only subsistence farming (basic day-to-day survival). People all around the world have seen prices for the staple foods – rice, wheat, cooking oil, cereals, meat – increasing disproportionately to their incomes. In 2009, the United Nations Food and Agriculture Organization (FAO), which monitors world food problems, estimated that over 1 billion people face severe food deprivation, or have a diet which is less than their daily energy needs (FAO definition). The FAO estimated that many people in sub-Saharan Africa (approximately 42 million) faced the risk of starvation, and even more in North Africa, the Middle East and South America.

It is clear that there must be a global strategy in which the developed nations, the largest consumers of agricultural products, play a major part. However, we must accept that there is an increasing demand for food products in developing nations with large populations such as India, China, Indonesia, Pakistan or Brazil.

A serious obstacle to a solution is the fact that many nations blame others for the food crisis. Developing nations say the developed world should pay more for commodities. Poorer nations also criticize tariffs which have been imposed by richer countries. These are taxes which cause disadvantages for poorer producers. Another example is the European Union's Common Agricultural Policy (CAP). The CAP is mostly a protection and subsidy measure for local producers. In addition, developing

countries dislike the intervention mechanisms which are set up by the European Union. These are forms of protection which go against the market forces of supply and demand.

There are other problems in agricultural practice which are often highlighted by the FAO. For example, developing nations lose a lot of agricultural produce as a result of perishability: that is wastage because transport, storage and distribution facilities are not efficiently managed. Developing nations say they need more financial assistance to build up their capabilities. However, developed countries do not want to invest in infrastructure projects when profits are delayed or limited by local politics.

Qualitatively, global consumption has been transformed by the availability of more agricultural products. Everyday eating habits in developing countries have changed, too. For example, according to FAO figures, meat consumption in China grew from 20 kg per capita in 1980 to 50 kg per capita in 2007. Demand for cereals such as wheat or rice has increased dramatically. Similarly, demand for dairy products has soared in Eastern Asian countries such as Japan, China or South Korea. Moreover, there is also the debate about the use of cereals or sugar to produce biofuels (biological petroleum substitutes), which include bioethanol from Brazil. An increasing number of people question the justification of growing sugar which is consumed by cars as fuel.

Economists know that staple agricultural commodities illustrate the concept of inelasticity. Demand is usually stable even when prices rise. But agriculture is also subject to natural forces, that is, weather fluctuations, crop diseases and disasters. It is difficult to predict supply. Some countries attempt to build up 'buffer stocks', which are surpluses from good years used to maintain a consistent supply for bad years. These stocks, which are released onto the market by the government, reduce the impact of sudden price increases. But not every country can afford to do this with every crop it produces or consumes. Moreover, not all crops can be put into storage as there are no facilities, or the crop is especially perishable.

Once again, economists can see how problems arise. They can model solutions and can identify improvements in agricultural practice. But, when we consider agriculture, many of the factors are not controlled by politicians or economists!

8.3 Extending skills

passives in dependent clauses • essay plans

A Find the words in the blue box in the text in Lesson 8.2.

- 1 What part of speech is each word?
- 2 Think of another word which could be used in place of the word in the text. Use your dictionary if necessary.

aware strain magnitude staple
deprivation starvation soared
justification subject (to) consistent
released arise

B Study sentences A–D which relate to the text in Lesson 8.2.

- 1 Identify the dependent clause.
- 2 Copy the table under the sentences and write the parts of each dependent clause in the table.
- 3 Rewrite the sentence using an active construction.

Example:

A The main priority which world leaders identified was food security.

A The main priority, which was identified by world leaders, was food security.

B There are other problems in agricultural practice which are often highlighted by the FAO.

C People question the justification of growing sugar which is consumed by cars as fuel.

D These stocks, which are released onto the market by the government, reduce the impact of sudden price increases.

C Read the essay plans and extracts on the opposite page.

- 1 Match each plan with an essay title in Lesson 8.2.
- 2 Which essay is each extract from?
- 3 Which part of the plan is each extract from?

D Work with a partner.

- 1 Write another paragraph for one of the plans.
- 2 Exchange paragraphs with another pair. Can they identify where it comes from?

Subject	Verb	By whom/what
(priority) which	was identified	by world leaders

8.4 Extending skills

writing complex sentences • writing essay plans • writing essays

A Make complete sentences from these notes. Add words as necessary.

A buffer stocks - intervention - designed - minimize - impact - food price fluctuations

B advantages - stocks - built up in good years - create - stable prices - reduce hunger

C nowadays - governments in developing world - introduce mechanisms - ensure food security - good and bad harvests

D in conclusion - buffer stocks - efficient mechanism - reduce - strain on food security - for developing countries

E concept behind mechanism - based on inelasticity of supply/demand - according to principle - people - continue to buy - staple foods - prices rise

F on the other hand - despite success - some disadvantages - costs of storage - additional government spending - prices fair to producers?

B The sentences in Exercise A are topic sentences for paragraphs in essay A in Lesson 8.2. Put them in the best order for the essay. What is the main topic for each paragraph?

C Look at the essay question on the opposite page.

- 1 What kind of essay is this?
- 2 Do some research and make a plan.
- 3 Write the essay. **See Skills bank**

Essay plans

A

- 1 Introduction: reasons for global food shortages; need for economists to act; aims of essay
- 2 Define: food deprivation (FAO data); what shortages mean
- 3 List factors which need to be considered: natural – disease, weather, crop failure BUT also human: price increases for staple foods; population increase; increasing & changing demand; 'unfair' practices – tariffs and intervention (protection); biofuels
- 4 Role of economists – analyze data on sustainable agriculture; produce models; focus on inelasticity; advise on buffer stocks
- 5 Conclusion: serious problem; economists can provide good understanding of issues; role of FAO

B

- 1 Introduction: seriousness of world food problem but blame adds another obstacle
- 2 Definition and discussion of 'long-term solution' = sustainable to alleviate hunger
- 3 Examples of blame (i): developing countries blame developed world (tariffs, protection, limited investment)
- 4 Examples of blame (ii): developed countries blame developing world (wastage; poor management; lack of infrastructure; local politics discourage investment)
- 5 Evaluation of situation: is either group right? Examples of possible cooperation
- 6 Conclusion: blame is justified to a certain extent, especially the criticism of developing countries BUT need for combined action, work together & share expertise

Essay extracts

1

Given the ideas above, it appears that no group is completely right. It might be assumed that groups will continue to blame each other for food shortages and global food deprivation. However, it is possible that some areas of cooperation might easily be found. For example, tariffs imposed by developed nations might be suspended for ten years. Special price arrangements for commodities might be made between developing nations and their clients. These agreements could ensure that part of the profit from the sales would improve infrastructure in the developing country. Another reason for these measures is that they can help to reduce wastage of food crops, which would be a benefit for all groups. Cooperation exists already at international level through the FAO, so the nations should accept that working together is more beneficial.

2

If the world is to find a solution for global food deprivation and poverty, we need to understand the factors behind the current crisis. This means examining all aspects of production and consumption, especially the factors which are influenced by human behaviour. For economists, agriculture presents a special case as supply and demand do not simply depend on human action. In this essay I will look at the concept of food deprivation and examine how shortages occur. I will attempt to summarize the main factors, using United Nations Food and Agriculture Organization (FAO) data. This evaluation will emphasize the important role for economists in understanding the global food problems. In addition, basic economic models related to the idea of buffer stocks for food commodities will be presented.

Essay question

Country A produces 70% of the world's cocoa, but is not self-sufficient in food products and imports many staple commodities. Its neighbour, country B, has more diversification in its agriculture and is 75% self-sufficient in food production. B also has better transport and storage infrastructure. At present, food deprivation in A and B is minimal, but population growth is high. Over the past five years, the yield from cocoa harvests has declined by 10% in total because of a tree disease. However, the world price has increased sharply, resulting in a fall in demand, too. There are no buffer stocks in A or B or any commodities. Examine the question of food security in both countries and suggest improvements based on economics.

Vocabulary bank

Understanding new words: using definitions

You will often find new words in academic texts. Sometimes you will not be able to understand the text unless you look the word up in a dictionary, but often a technical term will be defined or explained immediately or later in the text.

Look for these indicators:

<i>is or are</i>	<i>The CAP is mostly a protection and subsidy measure for local producers. ... tariffs. These are taxes which create disadvantages for poorer producers. ... intervention mechanisms. These are forms of protection and go against the market forces of supply and demand.</i>
<i>brackets</i>	<i>subsistence farming (basic day-to-day survival) (approximately 42 million) biofuels (biological petroleum substitutes) ...</i>
<i>or</i>	<i>... over 1 billion people face severe food deprivation or have a diet which is less than their daily energy needs ...</i>
<i>which</i>	<i>the United Nations Food and Agriculture Organization (FAO), which monitors world food problems, ... 'buffer stocks' which are surpluses from good years used to maintain a consistent supply for bad years. ... biofuels ... which include bioethanol from Brazil.</i>
<i>a comma or a dash (–) immediately after the word or phrase</i>	<i>the developed nations, the largest consumers of agricultural products, ... staple foods – rice, wheat, cooking oil, cereals, meat – ...</i>
<i>phrases such as that is, in other words,</i>	<i>In other words, the alleviation of food shortages ... had to take second place because of perishability; that is wastage because transport, storage and distribution facilities are not efficiently managed. However agriculture is subject to natural forces, that is, weather fluctuations, crop diseases and disasters.</i>

Remember!

When you write assignments, you may want to define words yourself. Learn to use the methods above to give variety to your written work.

Understanding direction verbs in essay titles

Special verbs called **direction verbs** are used in essay titles. Each direction verb indicates a type of essay. You must understand the meaning of these words so you can choose the correct writing plan.

Kind of essay	Direction verbs
Descriptive	<i>State ... Say ... Outline ... Describe ... Summarize ... What is/are ...?</i>
Analytical	<i>Analyze ... Explain ... Comment on ... Examine ... Give reasons for ... Why ...? How ...?</i>
Comparison/ Evaluation	<i>Compare (and contrast) ... Distinguish between ... Evaluate ... What are the advantages and/or disadvantages of ...?</i>
Argument	<i>Discuss ... Consider ... (Critically) evaluate ... To what extent ...? How far ...?</i>

Skills bank

Choosing the correct writing plan

When you are given a written assignment, you must decide on the best writing plan before you begin to write the outline. Use key words in the essay title to help you choose – see *Vocabulary bank*.

Type of writing assignment – content	Possible structure
<p>Descriptive writing List the most important points of something: e.g., in a narrative, a list of key events in chronological order; a description of key ideas in a theory or from an article you have read. Summarize points in a logical order. Example: <i>What are the main reasons for food deprivation in sub-Saharan Africa?</i></p>	<ul style="list-style-type: none"> ● introduction ● point/event 1 ● point/event 2 ● point/event 3 ● conclusion
<p>Analytical writing List the important points which in your opinion explain the situation. Justify your opinion in each case. Look behind the facts at the how and why, not just what/who/when. Look for and question accepted ideas and assumptions. Example: <i>Examine the effectiveness of the United Nations Food and Agriculture Organization in reducing world food problems.</i></p>	<ul style="list-style-type: none"> ● introduction ● definitions ● most important point: example/evidence/reason 1, example/evidence/reason 2, etc. ● next point: example/evidence/reason 3, example/evidence/reason 4, etc. ● conclusion
<p>Comparison/evaluation Decide on and define the aspects to compare two subjects. You may use these aspects as the basis for paragraphing. Evaluate which aspect(s) is/are better or preferable and give reasons/criteria for your judgement. Example: <i>Compare economic practices related to agriculture in the developed and developing world.</i></p>	<ul style="list-style-type: none"> ● introduction ● state and define aspects <i>Either:</i> ● aspect 1: subject A vs. B ● aspect 2: subject A vs. B <i>Or:</i> ● subject A: aspect 1, 2, etc. ● subject B: aspect 1, 2, etc. ● conclusion/evaluation
<p>Argument writing Analyze and/or evaluate, then give your opinion in a thesis statement at the beginning or the end. Show awareness of difficulties and disagreements by mentioning counter-arguments. Support your opinion with evidence. Example: <i>'Developed nations are only concerned with their own food supplies, not with improving agriculture in the developing world.' Discuss using examples from global agricultural economics.</i></p>	<ul style="list-style-type: none"> ● introduction: statement of issue ● statement giving opinion ● define terms ● point 1: explain + evidence ● point 2: explain + evidence, etc. ● conclusion: implications, etc. <i>Alternatively:</i> ● introduction: statement of issue ● define terms ● for: point 1, 2, etc. ● against: point 1, 2, etc. ● conclusion: statement of opinion



THE ECONOMICS OF HEALTH CARE

9.1 Vocabulary

fixed phrases and terms in economics

A Match the words to make fixed phrases.

- | | |
|---|----------------|
| 1 consumer <input type="checkbox"/> | a mobility |
| 2 free <input type="checkbox"/> | b distribution |
| 3 variable <input type="checkbox"/> | c curve |
| 4 government <input type="checkbox"/> | d market |
| 5 salary <input type="checkbox"/> | e intervention |
| 6 demand <input type="checkbox"/> | f factor |
| 7 labour force <input type="checkbox"/> | g level |
| 8 wealth <input type="checkbox"/> | h goods |

1	2
a	... start with
to	... people think
the	on ... other hand
some	to ... extent
many	on ... one hand
this	... real question is
that	on ... grounds that
	in ... case like this
	in ... sort of situation

B Study the words and phrases in the blue box.

- Complete each phrase in column 2 with a word from column 1.
- Which phrase(s) can you use to:
 - agree only partly with a point?
 - begin talking about several points?
 - talk about a particular example?
 - introduce the first of two ideas?
 - introduce the second of two ideas?
 - focus on the most important point?
 - give a reason for a point?
 - mention an idea?
 - talk about certain circumstances?

C On the opposite page are some people who have an interest in health care.

- What is each person's connection with health care?
- What aspect of health care economics is each person interested in? Why?
- Match each person with the correct quote (A–F).
- Replace the words in italics with a phrase from Exercise B.

D Read the extract from the Hadford University handout about health care economics on this page.

- Match the blue words in this extract with the definitions on the opposite page.
- Use your dictionary to check words you do not know.

E Complete the table on the right.



HADFORD University

- Welfare economics deals with social norms, which means it examines *how well* the economy functions, not *how* it functions.
- Market forces determine supply and demand in a free market or free enterprise economy, as opposed to centralized economies.
- Economics uses two concepts of equity – horizontal and vertical. According to the former, a society considers everyone to be equal and there would be no forms of discrimination.
- Vertical equity accepts that people are different and so involves a distribution of resources. Efficient allocation depends on how members of that society value the distribution. This value is designated 'utility'.
- Sometimes a redistribution of resources is possible, but the result would not be improved utility for everyone.
- Governments have to assess allocations and make judgements about relative utility. They must decide to what extent they should intervene to regulate competitiveness.

Base form	Other related forms	
afford	affordability	affordable
benefit		
compete		
distort		
equalize		
exceed		
judge		
spend		
subsidize		
vary		



- A** 'Pharmaceutical companies are not popular. We are criticized *because* we make profits from illness or misfortune; but without our products, millions would suffer or die.'
- B** 'They say I earn a very high salary. It's not really that high since I had to train for seven years, I work very long hours, and I have responsibility for people's lives.'
- C** 'To a certain degree, I accept that the government has responsibility for the health of its citizens. But what is most important is how to make health care economically efficient.'

- D** 'Well, *let's be clear from the beginning*, I already pay income tax, national insurance contributions and prescription charges. So I think I am entitled to good health care that is not expensive.'
- E** 'If I don't do my job, then hospital hygiene is inadequate. *Under those circumstances*, bacteria could spread disease and patients could die.'
- F** 'From one perspective, health care is economically important for hospital managers. But, for the general public, health care is psychologically important. It must be seen to be successful.'

www.hadfield.ac.uk/biz/def

Definitions

- A** a measurement of how successfully resources are distributed
- B** a concept in economics of how much people value a good or service
- C** the ability of one business or area of economic activity to be more successful than its competitors
- D** economic systems such as those in communist countries which rely on a tight government control on production and consumption
- E** a branch of economics which assesses the efficiency of an economy in distributing resources fairly
- F** a notion in economics relating to fairness, not necessarily complete equality
- G** a reorganization of economic resources or priorities in society
- H** a concept where some people suffer disadvantages because of, for example, their race, age, ethnic origin or gender
- I** an economic principle to minimize differences or reduce inequalities between people as much as possible
- J** a situation which is not independent of other factors, but relates closely to them
- K** those variable factors which influence investment, production and consumption in a non-centralized economy

9.2 Listening

using the Cornell note-taking system

A Study the slide on the right. What questions do you think the lecturer will answer?


B Listen to Part 1 of the lecture.

- 1 Complete the *Notes* section below.
- 2 What is the lecturer's story about? Why is it not given in the notes?
- 3 Complete the *Summary* section.
- 4 Answer the *Review* questions.

C Create a blank Cornell diagram. Listen to Part 2 of the lecture.

- 1 Complete the *Notes* section.
- 2 Write some *Review* questions.
- 3 Complete the *Summary* section.
- 4 Were your questions in Exercise A answered?

D Study the phrases in column 1 of the blue box. Listen to some sentences from the lecture. Which type of information in column 2 follows each phrase?



Welfare economics and health care

- What is welfare economics?
- Definitions and establishing norms
- Allocation of resources – Pareto efficiency
- Redistribution and priorities in health care


1	2
1 As we shall see ...	a developing trend
2 Increasingly, we find that ...	information about a point the speaker will make later
3 Research has shown that ...	an aspect of a topic the speaker wants to focus on
4 In terms of ...	a statement the speaker agrees with
5 It could be argued that ...	a conclusion
6 It's true to say that ...	an idea the speaker may not agree with
7 From the point of view of ...	
8 So it should be clear that ...	

<u>Review</u>	<u>Notes</u>
Two principles in w/e are ...?	Welfare economics (w/e) = how efficiently an economy works to _____ resources.
Why not just supply and demand in health care? Are care and prevention really different?	w/e NOT only supply/demand, but _____ and efficiency. Health care (h/c) = high priority for govts. (different problems) Two ways to consider h/c 1) about diseases, illness, medicine, hospitals, 2) but also about _____ of disease N.B. h/c = physical AND _____ health issues
How are norms established? Social analysis by whom?	Establishment of social _____ (standards & values) → econ. concept of _____ utility (people's satisfaction/well-being). Three aspects of relative utility: 1) economists' explanation (to compare social values/factors) 2) person's/group's utility compared with another's (happiness, satisfaction, priorities) 3) social values and fixing social norms
Can a free market assess the value of a job fairly?	Illustration - how society _____ your job (incl. salary level), e.g., doctor vs. cleaner. Maintain norms - free market society has _____, e.g., pay salary/raise tax.
Why is expenditure more sustainable in advanced economies?	H/c reflects priority for govts. How much of _____ to be spent on health? In advanced economies, public sector h/c paid for by taxes and national insurance _____. Advisable to use, e.g., from advanced econs. (_____ expenditure).
<u>Summary</u>	
Welfare economics relates to _____ (fairness) and efficiency. Health care is a good example of welfare economics. This branch of economics considers norms, values (including utility) and distribution. Health care reflects government _____ in terms of expenditure.	

9.3 Extending skills

recognizing digressions • understanding source references

A Study the words and phrases in box a.


- 1 Mark the stressed syllables.
- 2  Listen and check your answers.
- 3 Which word or phrase in each group has a different stress pattern?

- a
- 1 principle, benefit, expenditure, welfare, revenue
- 2 free market, enterprise economy, workable principle, major reform
- 3 welfare economics, relative utility, salary level, efficient allocation
- 4 automatically, obviously, economically, increasingly, efficiently


B Study the phrases in box b.

- 1 Do you think the phrases show a digression (start or end) or a relevant point? Write **D** or **R**.
- 2 Look at the **D** phrases. Do they start or end the digression?

- b
- Now, where was I?
It's the first of these points that I'm going to focus on now ...
By the way, ...
So to get back to the main topic ...
I have a little story to tell you ...
If we move on now to ...
You don't need to take notes on this ...
The point of that story was ...
If we turn now to ...
When we look at the second form of equity, we can identify...

C  Listen to the final part of the lecture from Lesson 9.2.

- 1 Take notes using the Cornell system. Leave spaces if you miss information.
- 2 What topic does the lecturer mention that is different from the main subject?
- 3 Why does the lecturer mention this topic?
- 4 What is the research task?
- 5 Compare your notes in pairs. Fill in any blank spaces.
- 6 Complete the *Review* and *Summary* sections.

D  What information does the lecturer provide about sources? Listen to the extracts and complete the table below.

	Extract 1	Extract 2	Extract 3	Extract 4
Name of writer				
Title and date of source				
Location				
Type of reference				
Relevant to ...?				
Introducing phrase				

E Use your notes to write 75–100 words about health care priorities and redistribution.

F Work in groups. Study the four topic areas related to welfare economics and health care in box c. Choose one type you would like to find out more about and then discuss these questions.

- 1 What kind of information will you need to find?
- 2 What ideas do you already have?
- 3 Where can you go to find more information?


- c
- health service coverage
- health workforce
- health expenditure
- health inequities

9.4 Extending skills

making effective contributions to a seminar

- A** Look at the words in the blue box. Identify their stress patterns.
- B** Work in pairs.
Student A: Think of good ways to take part in a seminar.
Student B: Think of bad ways to take part in a seminar.

allocative analysis discrimination
equitable equity expectancy expenditure
horizontal salaries unworkable

- C** You are going to hear some students in a seminar. They have been asked to discuss the question: 'Why is equity an important principle in health care?'
 - 1  Listen to the four seminar extracts. Decide whether each contribution is good or poor.
 - 2 Give reasons for your opinion.
 - 3 Think of some more information to add to the good contributions.

- D** Work in groups of three or four.
 - 1 Discuss your information for the topics in Lesson 9.3, Exercise F. Agree on the best definition.
 - 2 Discuss how best to present this information.
 - 3 Present your data to the whole class.

- E** Study Figure 1 on this page. What does the graph show?
 - 1 Compare health care priorities in the different countries.
 - 2 Discuss any interesting or surprising information.

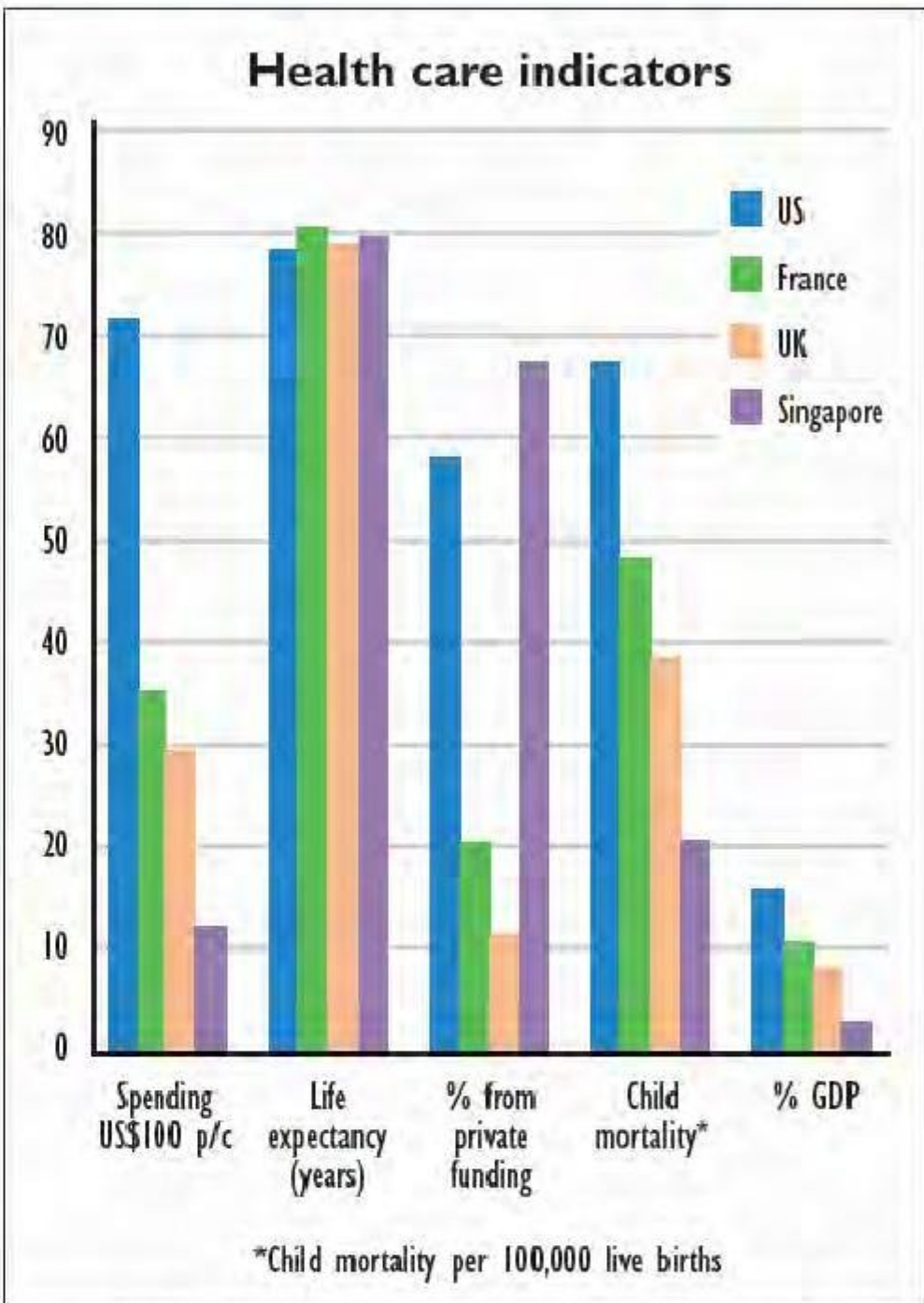


Figure 1: Health care indicators around the world (2009)

- F** Read the information on the opposite page and look at the photos of different aspects of health care. With a partner, discuss the following questions:
 - 1 What should the priorities of an NHS trust be? Explain your choices.
 - 2 In 2009–2010, one NHS trust spent £429 million. Where did most of the money go? Explain your reasoning.
 - 3 Why are 'health promotion' and 'voluntary services' important in economic planning?

Where health expenditure goes!



1 Capital costs (equipment) and transfer payments (wages)



2 Management costs



3 Medicines



4 Community health services



5 Health promotion



6 Services for people with disabilities



7 Ambulance services



8 Primary health care, including doctors (GPs), NHS dentists, pharmacists



9 Voluntary and community services

In the UK, the National Health Service (NHS) is organized into NHS trusts. These are local health authorities which are responsible for administration of the health care services in that area. They are funded by central government and have budgets for different aspects of health care. With a partner, discuss the health care priorities and decide what percentage of its annual budget one NHS trust spent in 2009–2010 for the various services (data: total population about 600,000; mainly coastal towns, one large, several small, but with a lot of 'retirement' residents; surrounding rural areas). Compare your ideas with another pair's. Your teacher will give you the accurate statistics later.

Vocabulary bank

Recognizing fixed phrases from welfare economics (1)

Make sure you understand these phrases from welfare economics.

allocative efficiency

prescription charge

centralized economies

private practice

efficiency criteria

private sector

exemption categories

resource allocation

health care planning

sickness benefit

horizontal equity

social norms

insurance contributions

vertical equity

market forces

welfare economics

needy groups

Recognizing fixed phrases from academic English (2)

Make sure you understand these fixed phrases from general spoken academic English.

As we shall see, ...

It's true to say that ...

But the real question is ...

Many people think that ...

From the point of view of ...

On the grounds that ...

In a case like this, ...

On the one hand, ...

In terms of ...

On the other hand, ...

In the sense that ...

Research has shown that ...

In this sort of situation, ...

So it should be clear that ...

That's the reason why ...

That would be great, except ...

Increasingly, we find that ...

To some extent ...

It could be argued that ...

To start with, ...

Skills bank

Using the Cornell note-taking system

There are many ways to take notes from a lecture. One method was developed by Walter Pauk at Cornell University, USA.

The system involves **Five Rs**.

- record** Take notes during the lecture.
- reduce** After the lecture, turn the notes into one- or two-word questions which will help you remember the key information.
- recite** Say the questions and answers aloud.
- reflect** Decide on the best way to summarize the key information in the lecture.
- review** Look again at the key words and the summary (and do this regularly).

Recognizing digressions

Lecturers sometimes move away from the main point in a lecture to tell a story or an anecdote. This is called a **digression**. You must be able to recognize the start and end of digressions in a lecture.

Sometimes a digression is directly relevant to the content of the lecture, sometimes it has some relevance and sometimes, with a poor lecturer, it may be completely irrelevant. Sometimes the lecturer points out the relevance.

Don't worry if you get lost in a digression. Just leave a space in your notes and ask people afterwards.

Recognizing the start	<i>That reminds me ...</i>
	<i>I remember once ...</i>
	<i>By the way, ...</i>
Recognizing the end	<i>Anyway, where was I?</i>
	<i>Back to the point.</i>
	<i>So, as I was saying ...</i>

Understanding the relevance	<i>Of course, the point of that story is ...</i>
	<i>I'm sure you can all see that the story shows ...</i>
	<i>Why did I tell that story? Well, ...</i>

Asking about digressions	<i>What was the point of the story about the hospital that was closed?</i>
	<i>Why did the lecturer start talking about note-taking?</i>
	<i>I didn't get the bit about ...</i>

Referring to other people's ideas

We often need to talk about the ideas of other people in a lecture or a tutorial. We normally give the name of the writer and the name of the source. We usually introduce the reference with a phrase; we may quote directly, or we may paraphrase an idea.

Name and introducing phrase	<i>As John Weeks argued ...</i>
	<i>To quote Karen Davis ...</i>
Where	<i>in their book Microeconomics ...</i>
What	<i>we can think of Pareto efficiency as ...</i>

10 THE ECONOMICS OF SPORT

10.1 Vocabulary

'neutral' and 'marked' words • expressing confidence/tentativeness


A Study the words in box a.

- 1 Use your dictionary to find out the meanings.
- 2 What part of speech is each word?

bid congestion derived
insolvency monopoly procurement
sponsorship stage supplier
tender venue

B Read the Hadford University handout.

- 1 Use your dictionary or another source to check the meanings of the highlighted phrases.
- 2 Which are the stressed syllables in each phrase? Which phrases have the same stress pattern?



HADFORD University

Sources of Olympic funding 2012

London 2012 provides an example of how costing and funding require careful budgetary management. The costing involved capital investment in order to finance construction of the venues and facilities. At the same time, working capital was also required for the procurement of materials and to pay bills and wages. Organizers of such events may receive government subsidies, or favourable terms for bank loans. The organizers in this case received tax concessions on many items. In addition, the International Olympic Commission (IOC) always provides an official contribution and media rights are very valuable. Disposal of assets after the event is another option. This can generate liquid assets, but selling large stadia or arenas can be difficult. Any mega-event requires a contingency fund for unexpected expenditure or costs. London 2012 also greatly benefitted from lottery funding and sponsorship.

C Look at the pictures and other information on the opposite page. Talk about the role money plays in each sporting situation. Use the highlighted phrases from Exercise B and words from Exercise A.

D Study the words in box b.

- 1 Check the meanings, parts of speech and stress patterns.
- 2 Put the words into the correct box in the table below, as in the example.

brilliant collapse enormous
huge insignificant massive minimal
outstanding plummet plunge
rocket significant slump
soar superb tremendous

Neutral	Marked
rise, increase	rocket, soar
fall, decrease	
big, large	
good	
small	

E Read the extract from the Olympic Organizing Committee chairman's letter to stakeholders.

- 1 Use a marked word in place of each of the blue (neutral) words.
- 2 Look at the red phrases. How strong or confident are they?

It's clear that the cost of the Olympic Games has risen during the run-up phase. It's generally accepted that the worldwide recession has affected business confidence and investment has fallen. As a result of our financial planning this year, we undoubtedly have a good opportunity to remain within the modified budget.

It's fair to say that our costing margins are not large at present, but we could consider increasing ticket prices, or possibly using the contingency fund. However, you can be confident that we do not want to see our overall costs increase. It's unlikely that we will make any significant changes to our financing, but there may be some small adjustments later in the year.

1 Table 1

Does a mega-event really help the people?		
World Cup 2010 costs	(US\$)	Development in South Africa (population 49 million approx.)
Transport	1.2 bn	UN Human Development Index (HDI) overall ranking 129/182 nations
Stadia	1.12 bn	Life expectancy at birth 51.5 years (158/182)
Organizing Committee	428 m	GDP per capita \$9,757 (78/182)
Broadcasting/ICT	387 m	Female literacy rate (50/145)
Security	89 m	Adult literacy 88% (over 15 years old) (80/182)
Legacy projects	45 m	Combined school attendance 77.6% (77/177)
Ports of entry	200 m	Health expenditure as % of GDP = 8.6%
Telecommunications	40 m	Health expenditure per capita US\$869
Arts and culture	20 m	Adult HIV prevalence (2005 est.) 15%
Training volunteers	3 m	Infant mortality 43.78/1000 (Ranking 163/224) (UK infant mortality 4.3/1000)
Contingency fund	200 m	
Total estimated costs	3.7 bn +	

Based on the following data sources:
www.worldcup2010southafrica.org.uk/2010-world-cup-news/2010-world-cup-finals-to-cost-3.7-billion/
www.cia.gov/library/publications/the-world-factbook/wfbExt/region_afr.html
www.who.int/countries/zaf/en/
http://hdrstats.undp.org/en/countries/country_fact_sheets/cty_fs_ZAF.html
 (All retrieved July 22, 2010)

2



3 Table 2

Calendar of events at National Stadium, Wembley 2012

Date	Event
30 June – 09 July	Music concerts: Take That
07 August	The FA Community Shield Football: Cup winners v Premier League winners
10 August	International football: England v Holland (friendly)
20 August	Music concert: Maze
27 August	Rugby League: Cup Final
06 September	Football: England v Wales Euro 2012 qualifier
11 October	International football (provisional)
30 October	American Football: NFL International Series (provisional)

5



4 Table 3

Sky Sports broadcast costs to rise for 2010

	Cost per month		
Co.	Sky 1 or Sky 2	Both	Comment
Sky	£29	£38	Including other channels and broadband
BT	£11.99	£16.99	
BT	£6.99	£11.99	Two-year contract with telephone and broadband

Sky has 85% share of pay-TV market
 Sky paid £1.623 billion for three-year-deal for Premier League football in 2010

Source: Based on BBC article (July 1, 2010). Sky Sports broadcast costs set to rise. Retrieved July 20, 2010 from <http://bbc.co.uk/news/10472058>

6 Table 4

UK football transfer fees			
Year	Fee (£)	Player/Home country	Move
1957	50,000	John Charles (Wales)	UK→Italy
1961	100,000	Denis Law (Scotland)	UK→Italy
1970	200,000	Martin Peters (England)	UK
1977	500,000	Kevin Keegan (England)	UK→Germany
1979	1,000,000	Trevor Francis (England)	UK
1981	1,500,000	Bryan Robson (England)	UK
1995	7,000,000	Andy Cole (England)	UK
1996	15,000,000	Alan Shearer (England)	UK
2002	25,000,000	Rio Ferdinand (England)	UK
2006	30,000,000	Andriy Shevchenko (Ukraine)	Italy→UK
2008	32,500,000	Robinho (Brazil)	Spain→UK
2009	80,000,000	Cristiano Ronaldo (Portugal)	UK→Spain

10.2 Reading

identifying stance and level of confidence • inferring implicit ideas

- A** Study the sentence on the right. Each phrase in box a could go in the space. What effect would each one have on the base meaning? Mark from *** = very confident to * = very tentative.
- B** Survey the text on the opposite page.
 - 1 What will the text be about?
 - 2 Write three research questions.
- C** Read the text. Does it answer your questions?
- D** Answer these questions.
 - 1 Is investment in sports identical to investment in other business activities?
 - 2 How do some sponsors of sporting events benefit from their monopoly position?
 - 3 Why is the demand for complementary products 'complex'?
 - 4 Why did employment at South Africa 2010 not 'fulfill desirable economic criteria'?
 - 5 Can event organizers ignore 'externalities'?
 - 6 For a mega-event such as the Olympics, what is needed for a public and private partnership to work successfully?
- E** Find the phrases in box b in the text. Is the writer *confident* (C) or *tentative* (T) about the information which follows?
- F** Look at the writer's description of the rising costs of London 2012 (paragraph 7).
 - 1 Underline the marked words.
 - 2 What does the choice of these words tell you about the writer's opinion of the problem?
 - 3 Find neutral words to use in their place.
- G** Study the example sentence on the right, and then sentences A and B.
 - 1 Divide sentences A and B into small parts, as in the example sentence.
 - 2 Underline any linking words (e.g., conjunctions, relative pronouns).
 - 3 Find the subjects, verbs, objects/complements and adverbial phrases which go together.
 - 4 Make several short simple sentences which show the meaning.

An increase in land prices last year _____

 the rise in venue construction costs.

- a**
 - probably caused _____
 - may have contributed to _____
 - was possibly one of the factors which contributed to _____
 - could have been a factor which led to _____
 - caused _____
 - seems to have caused _____

- b**
 - it is obvious ... _____
 - a survey found ... _____
 - It is frequently claimed ... _____
 - much of the data suggest ... _____
 - the evidence does not support ... _____
 - many writers have claimed ... _____
 - analysts seem to agree ... _____
 - It appears to be the case that ... _____

Example:

For example, supermarkets and newspapers | often | promote | event-related products | by giving away | 'free' items | before the competition | while surplus items | such as books or T-shirts | are sold | at greatly reduced prices | afterwards.

A

To improve the labour force, an economy needs supply-side policies which include improvements in education or training for workers, whereas these measures are not really stimulated by a mega-event.

B

In the USA, for example, as Siegfried and Zimbalist (2000) point out, many cities have invested a lot of taxpayers' money in building stadia and providing facilities for American football or baseball teams, which are largely privately owned.

The Economics of Sport

Major sporting competitions have become multi-billion dollar enterprises. The World Cup in South Africa in 2010 and the Olympic Games in London in 2012 immediately come to mind. However, it is obvious that huge revenues from tickets, media rights and sponsorship mean sport is not only about being a successful athlete, footballer or team. Sport is concerned with providing global or national products, such as The Olympic Games, to generate maximum profits for investors. For economists, however, sport represents a complex combination of concepts, models and applications to analyze the benefits of involvement in sports (Kasimati, 2003).

Economists such as Downward et al. (2009) underline how sporting events reflect special forms of consumer behaviour, especially concerning demand and pricing. For example, there are many restrictions linked to the sale of tickets for large sporting events. Moreover, a survey in 2010 by *Which?* magazine found that the monopoly position of some sponsors, such as credit card companies or soft drinks suppliers, is considered to be unfair. There is also the monopoly position of the Olympic Games itself. As Preuss (2004) maintains, only around 20 countries worldwide could possibly afford to stage the Games!

In addition to ticket sales, sports stimulate derived demand for complementary products such as flags, clothing, snacks and drinks. But calculations based on supply and demand are complex. For example, supermarkets and newspapers often promote event-related products by giving away 'free' items before the competition, while surplus items such as books or T-shirts are sold at greatly reduced prices afterwards.

It is frequently claimed, for example in the Parliamentary Report (2008), that sports events boost the economy by generating demand for a wide range of occupations. Thus, much of the data suggest (see Kasimati, *op. cit.*; Hill & Myatt, 2010) that there should be long-term benefits for the labour market in a country's economy. The vast majority of jobs generated only last until the end of the event. To improve the labour force, an economy needs supply-side policies which include improvements in education or training for workers, whereas these measures are not really stimulated by mega-events.

Sports mega-events also involve 'externalities', which Begg et al. (2005) define as follows: 'An externality arises when an individual's production or consumption decision directly affects the production or consumption of others, other than through market prices' (p. 267). Externalities reflect the impact of mass consumption on the environment or people's lives (Ackermann, 2009). Organizers of the London Olympics, for example, had to consider negative externalities such as increased traffic congestion or pollution, and environmental damage. The Committee also had to include the loss of revenue from tourists who did not want to come to London in summer 2012 (Blake, 2005). Economists also assess the multiplier effects of major sporting events, that is, whether the investment for the event leads to wider national economic growth later (Blake, *op.cit.*) or, perhaps as Jones (2001) suggests, '... many areas of potential benefit are not maximized' (p. 241).

Sport certainly provides investment opportunities in the private sector for rich entrepreneur-owners. But the evidence does not support the idea that sport is always profitable (Downward et al., *op. cit.*). Football, unfortunately, demonstrates examples of market failure, partly because of clubs' monopoly positions (Downward et al., *op. cit.*). Despite increasing demand, many English Premier League clubs have large debts (Deloitte, 2009), with the total increasing from £3.2 billion in 2008 to £3.3 billion in 2009. One club went into administration in 2010 and several others were close to insolvency or bankruptcy. Furthermore, investment issues can also affect the public sector. In the USA, for example, as Siegfried and Zimbalist (2000) point out, many cities have invested a lot of taxpayers' money in building stadia and providing facilities for American football or baseball teams, which are largely privately owned.

Many writers, including Preuss (2004) and Blake (2005), have claimed that the Olympic Games provide an outstanding legacy for sport and life in a country. In Britain, analysts seem to agree (e.g., Parliamentary Report, *op. cit.*) that the bid for the 2012 Olympics represented a golden opportunity for partnership between UK government and private sectors – with minimal effect on the taxpayers. However, costs spiralled upwards from around £1.9 billion in 2005 to a colossal £9.3 billion in 2010. This meant the public sector contribution rocketed and the organizers had to grab a significant part of the massive contingency fund.

Sport seems to be a profitable business activity on the surface, but economic analysis provides a picture of a much more complicated and risky undertaking, particularly for mega-events. It appears to be the case, as Kasimati (*op. cit.*) reminds us, that: 'When the level of income and investment falls after the event, the multiplier follows' (p. 442).

10.3 Extending skills

essay types • situation–problem–solution–evaluation essays

- A** Read the three essay questions. What types of essay are they?
- B** Look at text A on the opposite page. Copy and complete Table 1.
- C** Look at text B on the opposite page. Copy and complete Table 2.
- D** Look again at the solutions in Exercise B (Table 1). What are their possible advantages and disadvantages?
- E** Read the title of essay 3 again.
 - 1 Make a plan for this essay.
 - 2 Write a topic sentence for each paragraph in the body of the essay.
 - 3 Write a concluding paragraph.

① What are the advantages and disadvantages of having a wealthy owner for a major sports team?

② To what extent should the public sector be financially responsible for a mega-event such as the Olympic Games? Discuss, using examples from recent events.

③ Discuss, using examples, the assertion made by Preuss (2004) that only about 20 countries have the economic capacity to stage the Olympic Games.

Table 1

Situation	
Problem	
Solutions	

Table 2

Solution	
Arguments for	
Arguments against	

10.4 Extending skills

writing complex sentences • references • quotations

- A** Expand these simple sentences. Add extra information. Use the ideas in Lesson 10.3.
 - 1 More IOC funding for poorer countries is a good idea.
 - 2 A reduction in public sector funding for mega-events would help poorer countries.
 - 3 It is possible to share mega-events between countries.
 - 4 Limits to sponsorship seem appropriate.
 - 5 The Olympic Games is a multi-sports event.
- B** Look at text C on the opposite page. Copy and complete Tables 1–3.
- C** What do the abbreviations in the blue box mean?
- D** Look back at the text on page 81 (Lesson 10.2) and at texts A and B on the opposite page.
 - 1 Find all six direct quotations.
 - 2 What punctuation and formatting is used before and within each direct quote? Why?
 - 3 What words are used to introduce each direct quote? Why does the writer choose each word?
 - 4 Which two direct quotes are *not* included in the list of references in text C on the opposite page?
 - 5 With the information you have, can you find the original sources? How and where would you add them to the list of references.

Table 1: Referencing books

Author(s)	Place	Publisher	Date

Table 2: Referencing journals

Name of journal	Volume	Pages

Table 3: Referencing websites

Retrieval date	URL

& © cf. ed. Ed(s). et al. ibid.
n.d. op. cit. p. pp. vol.

A

Case Study 1

Portsmouth Football Club was quite successful in the top division, the English Premier League, but did not attract large attendances. According to an article in *The Guardian* (Jackson, 2010), the club actually had four owners in one year, who all promised funding to buy new players. However, several expensive transfers meant that the annual salary bill soared to £16 million in 2009. With debts of around £50 million, the owners of the club tried to sell, and potential purchasers were identified. Despite this, they were unable to finance the deal. As a result, in early 2010, the club had to enter into administration, one step away from bankruptcy. This meant, in financial terms, that a temporary independent administrator became responsible for the club's finances. In footballing terms, it meant that nine points were deducted from Portsmouth's total and the club was relegated to the Championship, the next division down. The administrator had to deal with the club's debts of around £30 million

for salaries, national insurance contributions and value added tax. The club also had a lot of other creditors, especially local suppliers of goods and services. A solution to the problem was found in July 2010 when the administrator accepted a CVA (Company Voluntary Agreement), which meant that creditors would receive 20% of any money owing to them over five years. To pay for the CVA, the club needed to slash its wage bill, '... in the first year to £13 million, the second to £10 million', as outlined by the administrator (Jackson, *ibid.*). It also had to transfer players to other clubs for quick revenue. This meant that Portsmouth performed badly and became uncompetitive even in the lower division. The UK tax authorities intended to file an official objection and appeal against the CVA. The administrator claimed a new owner could be found and the club could be operated according to the terms of the CVA. Fortunately, new owners were found and Portsmouth survived.

B

In his analysis of the economic impact of London 2012, Blake (2005) concludes his study by mentioning '... the high levels of uncertainty of the legacy effect' (p. 68). One issue relates to the best use of the Olympic village, where athletes stay during the competition. Most host countries have proposals for the village after the event, which have included conversion to student accommodation, modification to high-density apartments, transformation into office blocks! London 2012 has ambitious plans to provide private housing, mostly one- or two-bedroom apartments, but some larger two-bedroom houses. Such accommodation would be affordable in a high-demand area. It would be close to London and ideal for commuting. Transportation would be in place from the Games. On the downside, there is a limited choice of housing, gardens would be small and, other than transport, infrastructure is lacking – no schools, clinics or shopping centres. There were some doubts when the Minister for Sport and Culture promised: 'The Olympics will create a stunning green oasis in east London ...' (BBC, 2010).

C

References

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- Which? Magazine (2010). Olympic Games Visa deal angers sports fans. Retrieved July 5, 2010, from www.which.co.uk/news/2010/06/olympic-games-visa-deal-angers-sports-fans-217582

Vocabulary bank

Recognizing fixed phrases from economics (2)

Make sure you understand these key phrases from the economics of sport.

<i>budgetary management</i>	<i>disposal of assets</i>	<i>long-term</i>	<i>short-term</i>
<i>complementary products</i>	<i>ex-ante analysis</i>	<i>market failure</i>	<i>sponsorship deal</i>
<i>contingency fund</i>	<i>ex-post analysis</i>	<i>medium term</i>	<i>working capital</i>
<i>costing margins</i>	<i>government subsidies</i>	<i>monopoly position</i>	
<i>derived demand</i>	<i>impact analysis</i>	<i>multiplier effect</i>	

Recognizing fixed phrases from academic English (3)

Make sure you understand these key phrases from general academic English.

<i>One of the ...</i>	<i>In this sort of situation ...</i>
<i>In some circumstances, ...</i>	<i>It is obvious/clear that ...</i>
<i>Even so, ...</i>	<i>It appears to be the case that ...</i>
<i>..., as follows: ...</i>	<i>The research/A survey found that ...</i>
<i>The writers assert/maintain/conclude/</i>	<i>Research has shown ...</i>
<i>assume/state/agree/suggest that ...</i>	<i>The evidence does not support this idea.</i>

Recognizing levels of confidence in research or information

In an academic context, writers will usually indicate the level of confidence in information they are giving. There is a strong tendency also for writers to be tentative when stating facts.

Examples:

It appears to be the case that ... / This suggests that ... (tentative)

The evidence shows that ... / It is clear that ... (definite/confident)

When you read a 'fact' in a text, look for qualifying words before it, which show the level of confidence.

Recognizing 'marked' words

Many common words in English are 'neutral', i.e., they do not imply any view on the part of the writer or speaker. However, there are often apparent synonyms which are 'marked'. They show attitude, or stance.

Examples:

Season ticket costs rose by 10%. (neutral)

Season ticket costs sales soared by 10%. (marked)

Soared implies that the writer thinks this is a particularly big or fast increase.

When you read a sentence, think: *Is this a neutral word, or is it a marked word? If it is marked, what does this tell me about the writer's attitude to the information?*

When you write a sentence, think: *Have I used neutral words or marked words? If I have used marked words, do they show my real attitude/the attitude of the original writer?*

Extend your vocabulary by learning marked words and their exact effect.

Examples:

Neutral	Marked
<i>go up, rise, increase</i>	<i>soar, rocket</i>
<i>go down, fall, decrease</i>	<i>slump, plummet</i>
<i>say, state</i>	<i>assert, maintain, claim, argue, allege</i>
<i>acquire</i>	<i>grab, seize, snatch</i>
<i>sell</i>	<i>offload, shed, get rid (of)</i>

Skills bank

Identifying the parts of a long sentence

Long sentences contain many separate parts. You must be able to recognize these parts to understand the sentence as a whole. Mark up a long sentence as follows:

- Locate the subjects, verbs and objects/complements by underlining the relevant nouns, verbs and adjectives.
- Put a dividing line:
 - at the end of a phrase which begins a sentence
 - before a phrase at the end of the sentence
 - between clauses
- Put brackets round extra pieces of information.

Example:

Sport seems to be a profitable business activity on the surface, but economic analysis provides a picture of a much more complicated and risky undertaking, particularly for mega-events.

Sport seems to be a profitable business activity (on the surface), | but economic analysis provides a picture | of a much more complicated and risky undertaking, | (particularly for mega-events).

Constructing a long sentence

Begin with a very simple SV(O)(C)(A) sentence and then add extra information.

Example:

	Mega-events		generate	growth		
<i>As many recent studies have shown</i>	<i>mega-events</i>	<i>in a number of sports</i>	<i>generate</i>	<i>growth</i>	<i>of many kinds,</i>	<i>including in the construction, tourism and hospitality sectors</i>

Writing a bibliography/reference list

The APA* system is probably the most common in the social sciences. Information should be given as shown in the following source references for a book, an Internet article and a journal article. The final list should be in alphabetical order according to the family name of the writer. See the reference list on page 83 for a model.

Author	Date	Title of book	Place of publication	Publisher
Bracking, S.	(2009).	<i>Money and power.</i>	London:	Pluto Press.

Writer or organization	Date or 'n.d.'	Title of Internet article	Date of retrieval	Full URL
JCB	(2010).	JCB profitable in 2009 and predicts significant improvement in 2010.	Retrieved July 22, 2010, from	http://www.jcb.com/presscentre/NewsItem.aspx?ID=810

Author	Date	Title of article	Title of journal	Volume and page numbers
Jones, C.	(2001).	Mega-events and host-region impacts: Determining the true worth of the 1999 Rugby World Cup	<i>International Journal of Tourism Research</i>	(3), 241–251

*American Psychological Association

More information on referencing (including other systems such as MLA) can be found at: <http://owl.english.purdue.edu/owl/resource/560/01/>

11 LABOUR MARKETS

11.1 Vocabulary

linking ideas

- A** Look at the diagram on the opposite page.
- 1 Name the six labour market factors.
 - 2 Discuss why the examples of each factor might help an economy to grow.
 - 3 Think of more examples for each factor.
- B** Study the linking words and phrases in box a.
- 1 Put them into two groups for:
 - a discussing reasons and results
 - b building an argument
 - 2 Is each linking word used to join ideas:
 - a within a sentence?
 - b between sentences?
 - 3 Can you think of similar linking words?
 - 4 Put the linking words in box a in a suitable order to list points in support of an argument.
- C** Study the words in box b.
- 1 Sort the words into two groups according to whether they are *emotional* or *neutral*, or both.
 - 2 In pairs, explain your decisions.
 - 3 What part of speech are the words? What is the stress pattern of each word?
 - 4 What other words or phrases have a similar meaning?
- D** Listen to a recording and check what you have heard against the text on the right.
- 1 Complete each space with a word or phrase from box a or box b. Change the form if necessary.
 - 2 Find words and phrases in the text which may be considered *emotional*.
- E** Look at the statistics for Australia on the opposite page. With a partner, discuss some of the population patterns, such as growth and migration, that you have observed.

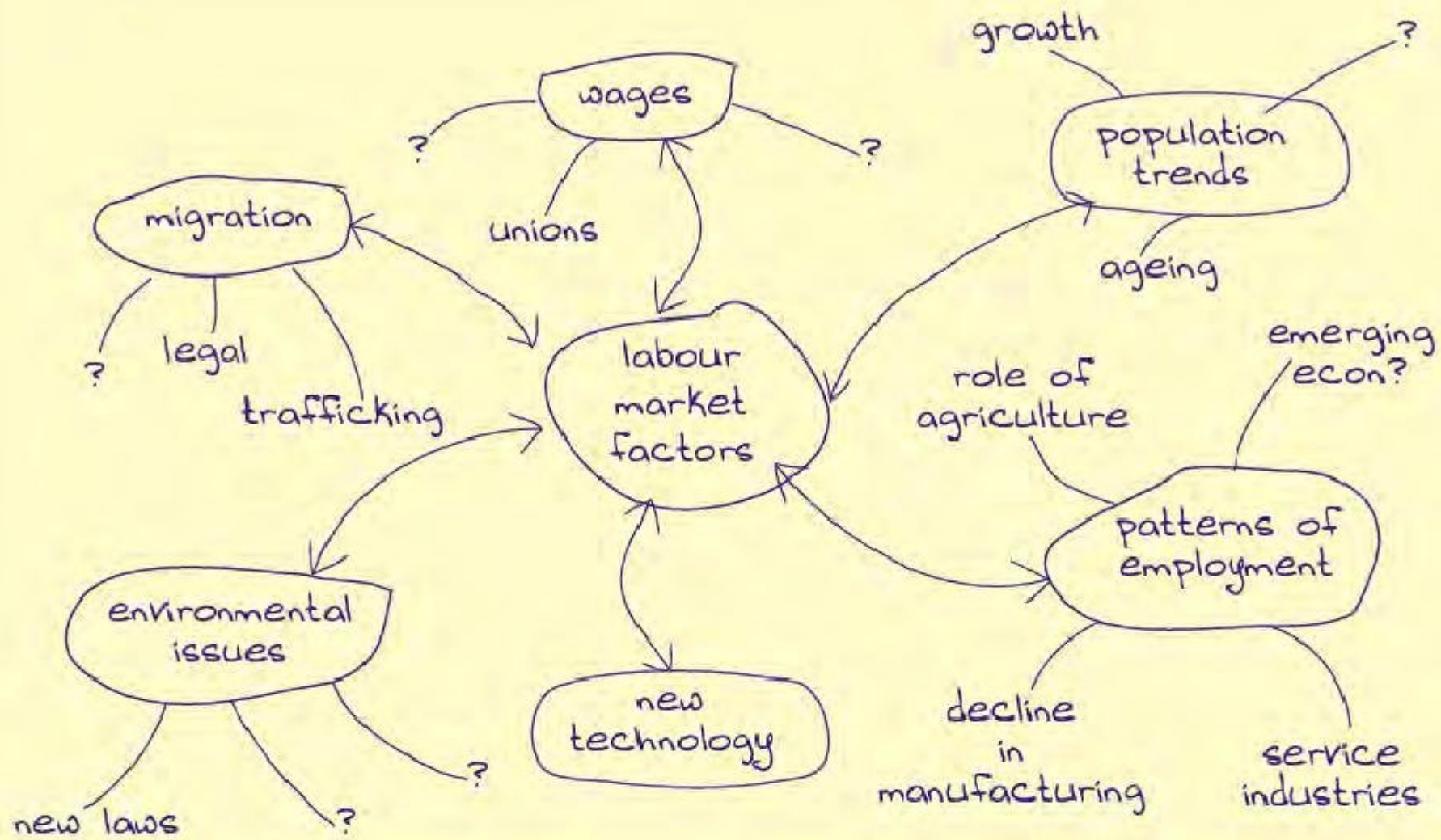
a according to another point is
 as a result because finally firstly
 for example in addition moreover
 secondly since so thirdly

b dramatically exploit facilitate
 inhuman maximize middlemen migrate
 monopolistically reluctant slavery
 specialist surpass vulnerable would-be

According to Wheaton, Schauer and Galli, 2010, who are international migration _____, trafficking in human beings for labour purposes is predicted to expand _____ over the next ten years. Moreover, these and other crime experts claim that ‘... it will _____ the illegal drugs and arms trade in frequency, human costs and profitability to criminals’. Since poverty is increasing in West and North Africa, workers from poorer countries, for example, men from there and women from Eastern Europe, are most _____ to this form of modern _____.

It may seem inappropriate to see this _____ practice as an economic factor but, sadly, trafficking is an unlawful example of what the authors claim is ‘a _____ competitive business’. Firstly, traffickers act as _____ in the market for human beings between the _____ workers and the employers who will _____ their labour illegally. Secondly, these intermediaries take advantage of victims’ economic necessity to _____. Thirdly, traffickers use basic principles of supply and demand to provide illegal workers because they want to _____ profits for their investments. Finally, traffickers can usually control market prices for their human ‘products’. In addition, corruption in government, immigration and police services _____ the exploitation. According to US government sources, around 600–800,000 people are trafficked into the USA every year. Another point is that figures are difficult to estimate because victims are _____ to give details, so, unfortunately, the organizers are rarely caught. As a result, such activities are very difficult to monitor and prevent.

Source: Wheaton, E. M., Schauer, E. J., & Galli, T. V. (2010). Economics of human trafficking. *International Migrations*, 48(4), 114–141.







Demographic indicators for Australia	1995	2005	2010	2015	2025
<i>Population</i>					
- Mid-year population (in thousands)	17,976	20,232	21,516	22,751	25,054
- Growth rate (percent)	1.2	1.3	1.2	1.1	0.9
<i>Fertility</i>					
- Total fertility rate (births per woman)	1.8	1.8	1.8	1.8	1.8
- Crude birth rate (per 1,000 population)	14	13	12	12	12
- Births (in thousands)	256	260	267	276	290
<i>Mortality</i>					
- Life expectancy at birth (years)	78	81	82	82	83
- Infant mortality rate (per 1,000 births)	6	5	5	4	4
- Under 5 mortality rate (per 1,000 births)	7	6	6	5	4
- Crude death rate (per 1,000 population)	7	6	7	7	8
- Deaths (in thousands)	125	131	147	162	199
<i>Migration</i>					
- Net migration rate (per 1,000 population)	4	6	6	6	5
- Net number of migrants (in thousands)	80	124	132	129	122

Source: Compilation based on www.census.gov/ipc/www/idb
 Australian Bureau of Statistics, under Creative Commons Attribution 2.5 Australia licence

11.2 Listening

recognizing the speaker's point of view • making notes • writing up notes

- A** You are going to listen to a lecture by a guest speaker in the Economics Faculty at Hadford University. Look at the poster on the right.
- 1 What is the lecture going to be about?
 - 2 Decide on how you are going to make notes. Prepare a page in your notebook.
- B**  Listen to Part 1 of the lecture and make notes.
- 1 What is the focus of the lecturer's talk?
 - 2 What are the three main factors that the lecturer will discuss?
 - 3 Which three factors will the lecturer not talk about?
 - 4 Which geographic region will he use as an example of changing patterns of employment?
- C**  Listen to Part 2 of the lecture and make notes.
- D** Using your notes, answer the questions in the handout on the right.
- E** Refer to the model Cornell notes on page 107.
- 1 Check your answers with the model.
 - 2 Complete the *Review* and *Summary* sections of the Cornell notes.
- F**  The lecturer talks about a book by an influential economist. Listen again to that part of the lecture. Which words tell us whether the information is fact or opinion?
- G**  Study the phrases in the blue box. Which type of information below follows each phrase in the blue box? Listen to some sentences from the lecture.
- restatement
 - definite point
 - summary of a source
 - example
 - statement of a topic
 - another point
 - tentative point
 - clarification
 - purpose for speaking
- H** Write out one section of your notes in complete sentences.

See Skills bank



Visiting Speaker: Dr Richard Parks
15th February 5.00 p.m.

'The future of global labour markets'

Dr Parks will explore key factors affecting labour markets worldwide.


- 1 What does *demographic* mean?
- 2 Which examples of negative population growth does the lecturer mention?
- 3 Where are the lowest levels of life expectancy?
- 4 What is the problem associated with a high proportion of 0–14 year olds in the population?
- 5 What is meant by *remittances*?
- 6 What is the UK political and social attitude towards migration?
- 7 When did Britain's position as a leading manufacturing nation begin?
- 8 In what way does the pattern of agricultural employment differ within the EU?

- 1 that is to say ...
- 2 Don't misunderstand me.
- 3 To some degree,
- 4 It is fair to say that ...
- 5 Not only that, but ...
- 6 in an attempt to ...
- 7 Briefly [he] explains how ...
- 8 to the extent that ...
- 9 ... gives a good description of ... in ...
- 10 With respect to ...
- 11 ... demonstrates that ...
- 12 has no doubt that ...


11.3 Extending skills

stress in phrases • building an argument

A Study the phrases in box a.

- 1 Mark the stressed syllables in each phrase.
- 2  Listen and check your answers.
- 3 Which phrases have adjective + noun? Which word has the stronger stress in these phrases?


B Look at the topics below.

- solutions to the ageing population issue
 - labour markets in China
 - China's new global status
- 1 What would you like to know about these topics?
 - 2 Prepare a page in your notebook to make some notes.
 - 3  Listen to the final part of the lecture (Part 3) and make notes. If there is information which you miss, leave a space.
 - 4 Compare your notes with someone else. Fill in any blank spaces.

C Answer the questions on the Hadford University handout, using your notes.**D** Study the stages of building an argument (a–f) in box b.

- 1 Put the stages in an appropriate order.
- 2 Match each stage (a–f) with a phrase from box c.

E Look at box b again.

- 1  Listen to a section from the lecture. Make notes on what the lecturer says for each stage of the argument (a–f).
- 2 Check your answers to Exercises D and E1.

F Use your notes to write 75–100 words about the main points in the final part of the lecture.**G** In groups, discuss the research task set by the lecturer. Talk about these questions:

- 1 Which country will you choose?
- 2 What demographic factors will you need to consider?
- 3 Which economic and labour market issues will you select?
- 4 What ideas do you already have?
- 5 What kind of information will you need to find?
- 6 Where can you go to find more information?

Report back to the class on your discussion. In Lesson 11.4, you will take part in a seminar on this topic.

consumer power
 economic justification
 emerging economies
 environmental issues
 government revenue
 internal migration
 labour shortages
 media attention
 occupational pensions
 political motivation
 retirement age
 welfare services



HADFORD University

- 1 Why are ageing populations in developed economies a 'revenue issue' according to the lecturer?
- 2 What options are available to governments to find solutions?
- 3 Why are these proposals not popular?
- 4 What advantages did China have in labour markets?
- 5 How has this position changed?
- 6 What sort of global accountability is expected of China?
- 7 What is your research task?


- b**
- a giving a counter-argument
 - b giving your opinion
 - c stating the issue
 - d supporting the reason with evidence
 - e rejecting a counter-argument
 - f giving a reason for your opinion

c

it's quite clear that ...
 The real question is ...
 Research has concluded that ...
 I'm afraid that just isn't acceptable ...
 Some government economists claim ...
 The evidence lies in the fact that ...

11.4 Extending skills

stress in phrases • making effective contributions to a seminar

- A** Study the terms in box a.
- 1 Explain the meaning of the terms.
 - 2 Mark the main stress in each term.
- B** Study the words in box b. Match the words in columns 1 and 2 to make phrases.
- C** Study Figure 1 on the opposite page.
- 1 Name the EU countries from the flags.
 - 2 Which had a decrease in wage costs in 2009?
 - 3 Which saw the biggest increase in wage costs?
 - 4 As an investor, which countries seem to be the most attractive? Why?
- D** Study the phrases in box c.
- 1 What purpose would you use these phrases for in a seminar?
 - 2 Which phrases can you use for linking your new point to a contribution by another speaker?
- E**  Listen to some students taking part in a seminar. They have been asked to discuss developments in global labour markets. While you listen, make a note of:
- 1 the main topic of each extract
 - 2 further details of each topic
- F** Study the quarterly statistics for UK employment and discuss these questions.
- 1 Which is the main sector of employment in UK, production or service?
 - 2 What proportion of the labour force is 'skilled'?
 - 3 Consider the following.
 - a If the economy declines, how vulnerable are services personnel, skilled production workers, unskilled workers, personal services staff?
 - b Which areas of employment are easiest to expand?
 - c What does the category 'elementary occupations' mean? Think of some other examples.
 - d Whose responsibility is it to upgrade skills? The government's? The private sector's? The individual's?
- G** Discuss your research findings on labour market and economic issues in your choice of emerging economy with your group. One or more members from the group should report the conclusions of the discussion to the class.

a

ageing population scenario
 contractionary fiscal policy
 dominant market position
 expansionary export strategies
 labour force mobility
 labour market factor
 mass-produced consumer item
 trade competition regime
 workers' wage demands

b	1	2
	customer	facilities
	demographic	migration
	emerging	sector
	environmental	workers
	income	services
	intensive	impact
	internal	indicator
	manufacturing	point
	saturation	farming
	skills-based	inequality
	storage	products
	unskilled	economies

c

I'd like to start by explaining ...
 To carry on from this first point, I want secondly to look at ...
 I don't think that is the main reason.
 That seems like a very good point X is making.
 I'm going to expand the topic by mentioning ...
 On the other hand, you might want to say that ...
 As well as this issue, we can also look at a very different issue.
 So to sum up, we can say that ...
 Does anybody have any opinions or anything they would like to add?
 I think we need a different viewpoint.
 OK, to continue then ...
 Following on from what X has said ...



Figure 1: Wage costs in selected European Union countries in euro per hour (% change 2008–2009)

Category	Examples	Total in thousands	Approx. %
All categories	–	28,870	–
Managers	senior officials and managers	4,480	15.5
Professional occupations	scientists, engineers, senior health personnel, business, education, legal, public service, senior police	3,912	13.5
Associate professional and technical	nurses, technicians, paramedics, police, pilots, train drivers	4,234	14.6
Administrative/secretarial	banking, public service, local government	3,274	11.3
Skilled trades	tool makers, metal workers, auto mechanics, skilled agricultural workers	3,050	10.6
Personal service occupations	health auxiliaries, childcare, travel/leisure services	2,498	8.6
Sales and customer service	retail sales, call centres, check-out staff	2,107	7.2
Processing: plant/machine operatives	food industries, energy operatives, quarry operatives, assembly workers	1,990	6.9
Elementary occupations	farm workers, labourers, security workers, shelf fillers	3,249	11.25

Source: Office for National Statistics licensed under the Open Government Licence v.10
 Table based on www.statistics.gov.uk/downloads/theme_labour/UKallinemploybySOCApr-Jun2009.xls, retrieved Aug 17, 2010

Table 1: UK employment by sector (second quarter, Apr–Jun 2009)

Vocabulary bank

Linking words

We use linking words and phrases to join ideas together in a sequence, to show how the ideas are related.

Some linking words can be used to join independent and dependent clauses in a sentence.

Examples:

*Traffickers use basic principles of supply and demand to provide illegal workers **because** they want to maximize profits for their investments.*

OR

***Because** traffickers want to maximize their investments, they use basic principles of supply and demand to provide illegal workers.*

Other linking words join sentences in a text.

Example:

*Figures are difficult to estimate because victims are reluctant to give details. **As a result**, such activities are very difficult to monitor and prevent.*

When building an argument, it is a good idea to use linking words to add points:

Examples:

Firstly, ...

In addition, ...

For example, ...

Moreover, ...

Another point is ...

... whereas ...

Secondly, ...

Finally, ...

Using words with similar meanings to refer back in a text

It is a good idea to learn several words with similar or related meanings. We often build cohesion in a text by using different words to refer back to something previously mentioned.

Examples:

First mention	Second mention	Third mention	Fourth mention
<i>older workers</i>	<i>elderly employees</i>	<i>those of pensionable age</i>	<i>people in their 70s</i>
<i>fewer ...</i>	<i>declining numbers of ...</i>	<i>a smaller proportion of ...</i>	<i>a reduced quantity of ...</i>
<i>parts of the world</i>	<i>countries</i>	<i>areas</i>	<i>nations</i>

Recognizing fixed phrases from academic English (4)

In Units 7 and 9, we learnt some key fixed phrases from general academic English. Here are some more to use when speaking.

Don't misunderstand me.

The history of ...

I'm afraid that just isn't true.

The presence of ...

In an attempt to ...

There is a correlation between ... and ...

... is a case in point ...

To some degree ...

Not only that, but ...

To the extent that ...

Some people say ...

What's more ...

The effect of ...

With respect to ...

Skills bank

Writing out notes in full

When making notes we use as few words as possible. This means that when we come to write up the notes, we need to pay attention to:

- the use of numbers and symbols for words and ideas, e.g.,
Notes: migration
political aspect; (e.g., W. Europe – limits on immigrants from outside the EU, but free movement for EU members)
One example of the political aspect of migration is the limits imposed by Western European countries while allowing free movement for workers inside the EU.
- making sure the grammatical words are put back in, e.g.,
Notes: patterns of work
(e.g., UK) historically (since middle 18thC) manufacturing nation
Regarding the patterns of work, the UK, for example, has historically been a manufacturing nation since the middle of the 18th century.
- making the implied meanings clear, e.g.,
Notes: *cf. populations with 25% + over 60 y.o., e.g., Japan, Germany, Italy (→ demands – healthcare, special housing, etc.)*
This may be compared with countries where there is a proportion of more than 25% of the citizens over the age of 60, as, for example, in Japan, Germany or Italy with the associated high demands for healthcare, special housing and other facilities.

Building an argument

A common way to build an argument is:

- 1 First, state the issue:
Generally speaking, British people want curbs on immigration.
- 2 Next, give a counter-argument:
The evidence shows that the impact of an inflow of immigrants is positive.
- 3 Then give your opinion:
In fact, the contribution of immigrants to the economy is more than they receive from it.
- 4 Then give evidence for your opinion:
Migrant labour played a large part in the steady growth in the UK economy from 2005–2008.

Linking to a previous point when your contribution is new

When you want to move the discussion in a new direction, introduce your comments with phrases such as:

Following on from what X said, I'd like to talk about ...

I'm going to expand the topic by mentioning ...

As well as internal migration, we can also look at a very different sort of issue.

Summarizing a source

When we talk about the ideas of other people in a lecture or a seminar, we often give a summary of the source in a sentence or two.

Examples:

A book by (name of writer) called (name of book) published in (year) gives an explanation of how ...

Briefly (name of writer) explains how ...

An introduction to (topic) can be found in (name of writer).

12 STRATEGY, POLICY AND ECONOMIC CHANGE

12.1 Vocabulary

referring back • introducing quotations/paraphrases

A Study the words in box a.

- 1 How much can an international bank influence its operating circumstances? Make four columns: *Very much, Quite a lot, Not very much* and *Not at all* and place the items appropriately.
- 2 Check the stress and pronunciation.
- 3 Compare your ideas in small groups. Explain your decisions.

B Read text A on the opposite page.

- 1 What is TEEB? What is its objective?
- 2 Look at the **highlighted** words. Connect each word to the noun it refers to.

C Study the verbs in box b. They can be used to introduce quotations or paraphrases/summaries.

- 1 Check the meanings of any words you don't know.
- 2 Which verbs have similar meanings?
- 3 Which verbs are **not** followed by *that*?
- 4 When can you use each verb?

Example:

accept = the writer (reluctantly) thinks this idea from someone else is true

D Read text B on the opposite page. Look at the **highlighted** sentences.

- 1 What is a SMART framework?
- 2 What is the purpose of each sentence?
Example: ... *consultation processes should be implemented* ... = opinion or recommendation
- 3 In an assignment, should you refer to the **highlighted** sentences by **quoting directly** or **paraphrasing**?
- 4 Choose an appropriate introductory verb from box b and write out each sentence as a direct quotation or a paraphrase. Add the source references.

E Look at the SMARTER consultation on CSR for Descontbank, a major international bank. Match each type of objective with its outcome for Descontbank.

- ### F How should Descontbank respond to the outcome of the consultation?
- 1 Discuss in pairs.
 - 2 Write a summary of the consultation report, giving your recommendations. Use verbs from Exercise C in your paragraph.

- | | |
|----------------------|-------------------|
| capital levels | interest rates |
| commodity price | legislation |
| competitors | location |
| credit card fraud | new regulations |
| customer loyalty | operating costs |
| economic cycle | product quality |
| ecosystems | product range |
| employee loyalty | public confidence |
| energy policy | public image |
| environmental issues | risk-taking |
| goal-setting | taxation levels |
| government policy | waste reduction |
| integrity | |

- b** accept agree argue assert cite
claim concede consider contend
describe disagree dispute
emphasize illustrate imply indicate
insist note observe point out
report show state suggest

Global Consultants Report: Results of SMARTER consultation on future CSR programme for Descontbank, 2010	
Specific	Many environmental aspects can be built into the programme, such as waste reduction or energy-saving, which will also save the bank money.
Measurable	The bank must concentrate on projects which it can repeat in different locations or at different times.
Attainable	The bank must ensure that people will associate its name with a positive programme.
Relevant	The programme is initially established for a five-year period.
Time-bound	S The bank knows that its main objective is to improve its image as a caring, responsible organization.
Ecological	The funding is specified so Descontbank can only measure results based on the money available.
Renewable	The bank must focus on areas where it can make obvious changes, mostly using its own human resources.



Putting a value on nature

Many businesses worldwide are aware of the relationship between their activities and global ecosystems. These are often taken for granted as they appear to be free and cannot easily be measured. Such systems include forests, water sources, coral reefs, fish stocks and land. Economists have recently started to give value to these natural resources. They use economic models to achieve this. In this way, their calculations provide government policymakers, economists and business strategists with information. As a result, those decision-makers can include protection of such biodiversity in their planning. In 2007, an independent group, *The Economics of Ecosystems and Biodiversity* (TEEB), was established. It is led by Pavan Sukhdev, an Indian ecologist, economist and banker. Its objective is to report on the economic impact of deforestation, over-fishing, degradation of coral reefs and more. As Sukhdev and Brink (2010) point out: 'Losses in the natural world have direct economic repercussions that we systematically underestimate' (p. 13). One consequence of this is that many businesses have started a corporate social responsibility (CSR) programme. The aim is to support protection of valuable natural resources and benefit people, especially in the developing world.

Source: Waterson, M. (2010). *Economics and ecosystems*. Hadford: Hadford University Press.



Managing SMART changes

When an organization is planning to make major policy decisions, stakeholders often react in different ways. As a result, managers need to convince employees, customers and shareholders that change is necessary. An important point here is that consultation processes should be implemented before policy decisions are finalized. Clearly, this process must be realistic and not too complicated. For this reason, many multinational corporations (MNCs) hold consultations with stakeholders using the SMART framework. As George T. Doran (1981), who is considered the inventor of the technique, suggested, 'There's a S.M.A.R.T. way in a variety of business contexts to write management's goals and objectives' (p. 35). The abbreviation usually means that new projects or policy must be Specific, Measurable, Attainable, Relevant and Time-bound. Other possibilities for the abbreviations have been used. As White (2009) suggests: 'Companies should add E for Ecological and R for Renewable when setting SMART goals to make them even smarter' (p. 186).

Many multinational companies are aware that corporate social responsibility (CSR) programmes are crucial to maintain their image. In a competitive world, they should care about the environment and their employees, especially in the developing world. Moreover, as the value of natural resources is clearly recognized, companies see economic reasons for CSR. So a SMART approach can be very useful, because people can link the company to its specific CSR goals.

Doran, G. T. (1981). There's a S.M.A.R.T. way to write management's goals and objectives. *Management Review*, 70(11), 35-36.

White, R. (2009). *Making policy changes ecological*. Hadford: Hadford University Press.

Source: Bell, P. (2010). *Biodiversity, business and benefits*. Nottingham: Paulson Press.

12.2 Reading

linking ideas in a text • quoting and paraphrasing

- A** Discuss the following questions.
- 1 What do customers expect from a major international bank?
 - 2 How can banks ensure that they are successful?
- B** Survey the text on the opposite page. What will the text be about? Write three questions to which you would like answers.
- C** Read the text. Does it answer your questions?
- D** Number the sentences on the right 1–7 to show the order in which they happened.
- E** For each paragraph:
- 1 Identify the topic sentence.
 - 2 Think of a suitable title.
- F** Look at the underlined words in the text. What do they refer back to?
- G** Study the **highlighted** words and phrases.
- 1 What do they have in common?
 - 2 What linking words or phrases can you use to show:
 - addition?
 - contrast?
 - concession?
 - result?
 - reason?
 - 3 Write the sentences with the **highlighted** items again, using other linking words or phrases with similar meanings. Find more examples in the text.
- H** Read the text on the right. A student has written about some of Descontbank's difficulties, but the quotations and paraphrases have not been correctly done. Can you spot the mistakes and correct them?
- I** Write a paragraph for a university lecturer, summarizing the challenges facing Descontbank, according to Barton. Decide whether you should quote or paraphrase the material from the text.

	The bank started its CSR programme.
	Some shareholders became worried about Descontbank's financial activities.
	Descontbank reduced its CSR programme.
	The bank received bad publicity because of redundancies.
	Descontbank's involvement in sub-prime property in the USA was revealed.
/	Descontbank established itself as a reliable institution.
	The bank announced the first annual loss in its history.

As Barton (2010) explains that Descontbank was able to build a reputation for integrity over many years. For example, Descontbank customers saw the bank as ... a conservative financial institution. According to Barton (2010), she says that Descontbank launched its CSR programme as part of 'its image-shaping process', but shareholders were more worried about Descontbank's financial activities and they began to lose confidence in the bank. Barton suggests that scandals in America and Europe, as well as the reduction of its CSR programme, illustrate that Descontbank '... work very hard to persuade customers to remain loyal'.

Misplaced trust? *A case study from contemporary banking*

By Mary Barton

Descontbank was founded in 1950. It now has over 80,000 employees in almost 150 countries worldwide. It has been at the centre of its country's economy for six decades. Moreover, it represented security, reliability and trust in banking. People trusted Descontbank for its integrity, expecting the management board to make the right decisions. In addition, they trusted the bank to make profitable investments without taking unnecessary risks.

So, it was an appropriate step for Descontbank to start its own corporate social responsibility (CSR) programme in 2005. As part of its image-shaping process, Descontbank presented its CSR framework, which used television and branch advertising to inform people about the social, welfare and environmental work that it wanted to support. Many people saw this as an indication that Descontbank clearly wanted to help the people in the developing countries where it had branches. Consequently, in surveys of popularity and trust, Descontbank was considered more trustworthy than the state railway company, the national airline or any other major bank. Customers still considered the main priority for Descontbank to be money management, although the CSR commitment was welcomed. Descontbank was seen as a conservative financial institution, but that is why customers were loyal to a bank that had more long-term customers than any comparable institution.

However, there were already concerns among shareholders about Descontbank's financial activities. Some of these began to lose confidence in the bank. First of all, there was Descontbank's takeover in 2007 of the very successful Bank&Post4U. This rather surprised the markets as the post office/bank had numerous retail outlets, but no investment banking experience. In addition, employees at both banks were rightly worried about their jobs. In fact, 3,500 staff at Descontbank and 2,800 Bank&Post4U employees were made redundant after the takeover.

As a result of negative publicity, two members resigned from the board. However, there was a boost to the bank's popularity again in

2008–2009. Despite the fact that the financial crisis really hit most financial institutions hard, Descontbank remained steady. The bank did not need any government bailout funds like several other major banks did. Descontbank was even a beneficiary when the US government bailed out the consumer credit company, TAI, receiving almost \$6 billion in payment as a major creditor of TAI.

However, customers were soon to be disappointed again when the board announced the first annual loss in the bank's history, €4.5 billion in 2008. At this time, the markets were very worried about the level of bank debt. As a result, new regulations, called Basel 3, were proposed by the banking authorities. These obliged all European banks to have higher capital levels to reduce the risk of collapse as a result of bad loans. This was unfortunate for Descontbank as, in order to complete the takeover of Bank&Post4U, the bank had to raise €12 billion. Descontbank opposed the Basel 3 regulations strongly and this reaction meant that the new regulations were delayed.

As a further blow to its image and reputation, it was revealed in 2010 that, through American subsidiaries, Descontbank had been heavily involved in the sub-prime property scandals in the USA. It had also sold complicated debt packages in 2006 and 2007, many of which collapsed. In 2010, the bank still held over \$3.5 billion in property credits in America. Some of these houses had been repossessed because the mortgagees could not pay. To try to recoup some of its losses, Descontbank wanted as many properties as possible to be auctioned. These are so-called foreclosed mortgages or 'repos', i.e., repossessions. However, this means that the homeowners are thrown out of their homes quickly. In 2009, there were over four million such auctions in the USA.

To complete the unhappy picture, the bank announced in December 2010 that it planned to reduce its CSR programme by 8% from 2011. Descontbank certainly needs to work very hard to persuade many of its disillusioned customers to remain loyal.

12.3 Extending skills

research reports: introduction, method, conclusion

- A** Study the words in box a.
 - 1 Check the pronunciation and grammar.
 - 2 What are their meanings in a research report?
- B** Read the two *Method* paragraphs on the right.
 - 1 Copy them into your notebook. Put the verbs in brackets in the correct form.
 - 2 Identify the original research questions, the research methods and other important information.
- C** What are the sections of a research report? What order should they go in?
- D** Read the *Introduction* and *Conclusion* to Report A on the opposite page.
 - 1 Why was the report undertaken?
 - 2 What action(s) does the report recommend?
 - 3 What are the elements of a good introduction and conclusion?

conduct data discussion findings
 implication interview interviewee interviewer
 limitation method questionnaire random
 recommendation research question respondent
 results sample survey undertake

Report A

In order to gain an overall picture of Descontbank's financial status and the scope of its CSR programmes, annual reports for 2008, 2009 and 2010, as well as specific CSR reports for the same period, (*analyze*).

People's perceptions of Descontbank and its CSR involvement (*investigate*). To achieve this, a survey (*create*) using Survey Monkey, the online facility. Participants (*contact*) by e-mail and (*invite*) to complete the online questionnaire. To extend the sample, an invitation to participate (*post*) on a well-known social networking site. A filter mechanism excluded those respondents who expressed no knowledge of Descontbank and a response-based pathway (*design*) for all participants. (See Appendix 1.)

Report B

To identify the involvement of the banking sector in CSR activities, the websites of four successful international banks (*examine*). The banks that (*select*) included Banca Concordia, Bank of North-West Devon, Intromedbank and Almander Bank. The scope of CSR commitment (*analyze*) and the financial participation (*assess*), related to the banks' own balance sheets.

12.4 Extending skills

research reports: questionnaires, findings, discussion

- A** Describe the data in Figures 1 and 2 from Report A.
- B** Look at this paragraph from the *Findings* section of the report.
 - 1 Complete the spaces with quantity phrases. Put the verbs in the correct tense.
 - 2 Write another paragraph, using Figures 1 and 2.
- C** Look at the data in Figure 3 on the opposite page. This forms part of the *Discussion* section in the report. Write the discussion paragraph.
- D** Cover the *Conclusion* section on the opposite page.
 - 1 What should the report writer say in the *Conclusion*? Make some notes.
 - 2 Read the *Conclusion* again and compare.

Findings

A _____ majority of Group A respondents (70%) (*indicate*) that Descontbank already (spend) €50–100 million per annum on CSR, while _____ (20%) (*think*) that the figure was in excess of €100 million. However, only _____ (10%) thought that Descontbank spent less than €50 million. Among the Group B respondents, only _____ (20%) (*consider*) that Descontbank should not have a CSR programme at all. Moreover, Group B's estimation of Descontbank's potential CSR commitment (*be*) similar to Group A respondents', with _____ (75%) suggesting that an expenditure of €50–100 million per annum would be appropriate.

Report A: Introduction

Many private sector companies have developed extensive corporate social responsibility (CSR) programmes over the past decade. Such commitments are valuable in terms of improved public image and raised international profile, as well as enhanced employee loyalty. A number of studies (Amiss, 2006; Bryant, 2007; Young, 2009) have shown that the perception of these programmes depends on the respondents' overall experience of the company, its image, reputation and integrity. This study will present an investigation, using an online survey, into how people perceive the CSR activities of Descontbank.

First, the financial aspects and specific CSR activities of the bank will be focused on. After that, the results of the online survey will be analyzed, and some recommendations for the development and improvement of the bank's CSR programmes will be proposed.

Report A: Conclusion

Descontbank is clearly not associated with extensive CSR activities. A majority of those surveyed did not attribute CSR programmes to the bank at all. Nobody had the correct picture; on the one hand, many people didn't know there was a programme. However, the ones who did, thought it was bigger and more generously funded than in reality. Descontbank was also linked more to projects in the developing world than is, in fact, the case. It is clear that Descontbank focuses primarily on its domestic markets. However, Descontbank operates mainly in the developing world. It is therefore strongly recommended that the bank should raise its overseas commitments and spend more to alleviate poverty there. It should also rethink the use of so much employee voluntary work at a time when job security is a serious issue. Moreover, it should reconsider if a figure of 0.57% of its total profits in 2010 is really a serious CSR commitment. If Descontbank fails to act decisively soon, it may find that its integrity has declined significantly in the global marketplace and customers and investors will look for an alternative.

Do you think Descontbank has a CSR programme?

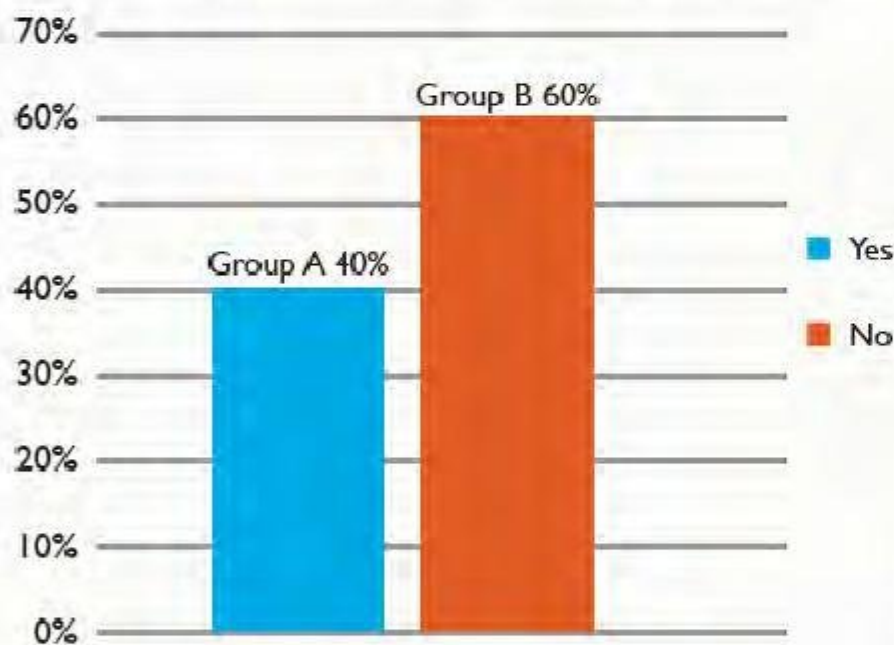


Figure 1: Perception of existence of CSR programme at Descontbank (all 300 respondents)

Why does Descontbank not have a CSR programme?

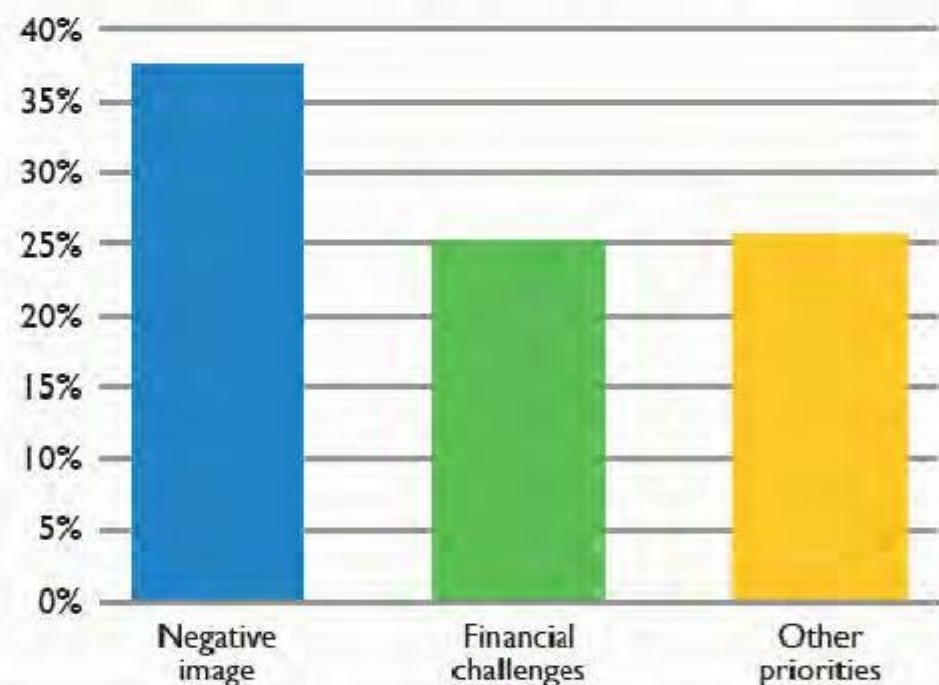


Figure 2: Perception of why Descontbank does not have a CSR programme (Group B respondents only)

Focus (location) for Descontbank CSR programme (2010)	€million
Helping disadvantaged young people (domestic)	11.5
Energy saving and waste reduction (domestic and overseas)	7.2
Employee volunteer programmes (domestic and overseas)	3.8
Cultural/musical event sponsorship (domestic)	4.6
Special education projects (overseas)	3.6
Others	0.6
Total	31.3

Figure 3: CSR commitment by Descontbank (€million), 2010

Vocabulary bank

Introductory verbs

Choosing the right introductory verb is important. Your choice of introductory verb shows what kind of statement the writer is making.

Example:

Bell (2010) argues that companies recognize the economic importance of environmental projects.

Your choice of introductory verb also shows what you think of another writer's ideas. This is an important part of academic work.

Example:

Barton (2010) claims that Descontbank has seriously disappointed many customers and shareholders.

Verb	The writer ...
<i>agree</i>	thinks this idea from someone else is true
<i>accept, concede</i>	reluctantly thinks this idea from someone else is true
<i>consider, emphasize, note, observe, point out, state, suggest*</i>	is giving his/her opinion
<i>argue, assert, claim, contend, insist</i>	is giving an opinion that others may not agree with
<i>cite</i>	is referring to someone else's ideas
<i>disagree, dispute</i>	thinks an idea is wrong
<i>suggest*</i>	is giving his/her recommendation
<i>describe</i>	is giving a definition/description
<i>illustrate, indicate, show</i>	is explaining, possibly with an example
<i>report</i>	is giving research findings

**suggest* can have two meanings

Linking ideas in a text

Linking words, which join ideas within a sentence or between sentences, convey different meanings:

	Within sentences	Between sentences
Contrast	<i>but, whereas, while</i>	<i>However, In/By contrast, On the other hand</i>
Concession	<i>although, despite/ in spite of the fact that</i>	<i>However, At the same time, Nevertheless, Despite/In spite of + noun, Yet</i>
Result	<i>so, so that</i>	<i>So, As a result, Consequently, Therefore</i>
Reason	<i>because, since, as</i>	<i>Because of + noun, Owing to + noun, Due to + noun</i>

Referring to quantities and group sizes in a report

<i>A/An</i>	<i>overwhelming</i>	<i>majority</i>	<i>(of + noun)</i>	
	<i>significant</i>	<i>minority</i>		
	<i>slight</i>	<i>number</i>		
<i>insignificant</i>	<i>half</i>			
<i>Around/Over</i>	<i>than</i>	<i>a quarter</i>		
<i>(Slightly) More</i>		<i>a third</i>		
<i>(Slightly) Less</i>		<i>x %</i>		

Skills bank

Structuring a research report

A research report is an account of some research which has been undertaken to find out about a situation or a phenomenon, e.g., *What do the public think of Descontbank's CSR activities? How might Descontbank improve its public image?*

- Introduction introduce topic; background information; reasons for research
- Methods research questions; how research was carried out
- Findings/results answers to research questions
- Discussion issues arising from findings; limitations of research
- Conclusion summary of main findings; implications; recommendations; possibilities for further research

Writing introductions and conclusions**Introduction**

- Introduce the topic of the report.
 - Say why the topic is important.
 - Give background information.
 - Give an outline of the report plan.
- Note: No substantial information; this belongs in the body of the report.

Conclusion

- Summarize the main points in the report without repeating unnecessarily.
 - Make some concluding comments such as likely implications or recommendations.
- Note: No new information; all the main points should be in the body of the report.

Deciding when to quote and when to paraphrase

When referring to sources, you will need to decide whether to quote directly or to paraphrase/summarize.

- **Quote** when the writer's words are special or show a particularly clever use of language. This is often the case with strongly stated *definitions* or *opinions*.
- **Paraphrase/summarize** descriptions and factual information.

Incorporating quotations

- Use an introductory verb.
- Don't forget the quotation marks.
- Make the quote fit the grammar of the sentence.
- Show any missing words with '...'
- Copy the original words exactly.
- Add emphasis with italics and write '[emphasis added]'.
- Add words which are not in the original but are necessary to fully understand the quotation out of context. Put the extra word(s) in brackets.

Do not quote more than one sentence **within the body** of a paragraph. If you want to quote two or three sentences, put in a colon and write the quote as indented text, so that it clearly stands out from the body of your essay.

However, think very carefully before you include a long quote. It is usually better to paraphrase in this case.

Additional material

5.4 Student A
Economic and environmental background: [Brazil]

Give some background about the economy, including GDP/per capita, labour force, unemployment, poverty, exports and import commodities and partners.

Outline the main environmental issues for this country.

use <https://www.cia.gov/library/publications/the-world-factbook/index.html> to find out about FDI and Brazil.

7.4 STUDENT A

PS = Public sector (civil servants = workers in public sector)

Give the other members of the group information about your list of proposed savings.

Your group should select a total of six items: ONE transfer item, TWO capital expenditure items, ONE current expenditure item, ONE revenue item and ONE additional NON-REVENUE item.

Transfer payments (A)	freeze PS pay, i.e., no pay increases	2.5 bn
Capital expenditure (A1)	abandon plans to introduce identity cards	500 m (for next five years)
Capital expenditure (A2)	delay construction of two new hospitals	1 bn (for next five years)
Current expenditure (A)	improve efficiencies in PS activities, e.g., police, health service through more careful recruitment, training and employment conditions (incl. reducing absenteeism)	200 m
Revenue (A)	sales of government assets – building, land, etc.	3 bn (for next five years)

5.4 Student B
Economic and environmental background: [Ghana]

Give some background about the economy, including GDP/per capita, labour force, unemployment, poverty, exports and import commodities and partners.

Outline the main environmental issues for this country.

use <https://www.cia.gov/library/publications/the-world-factbook/index.html>

Try to find more about FDI and Ghana from: www.unctad.org/sections/dite_dir/docs/wir10_fs_gh_en.pdf

5.3 Symbols and abbreviations for notes

Symbols

&, +	and, plus
-	less, minus
±	plus or minus
=	is, equals, is the same as
≈	is approximately equivalent to
≠	is not, is not the same as, doesn't mean, does not equal, is different from
>	is greater than, is more than, is over
<	is less than
→	gives, produces, leads to, results in
←	is given by, is produced by, results from, comes from
↑	rises, increases, grows
↓	falls, decreases, declines
“	ditto (repeats text immediately above)
∴	therefore, so
∵	because, as, since
@	at
C	century, as in 20 th C
§	paragraph
#	number, as in #1
?	this is doubtful

Abbreviations

e.g.	for example
c.	approximately, as in c. 1900
cf.	compare
Ch.	chapter
co.	company
ed./eds	editor(s)
et al.	and the other people (used when referring to a book with more than two authors)
etc.	and all the rest
ff.	and the following as in p.10ff.
fig.	figure (used when giving a title to a drawing or table)
i.e.	that is, that means, in other words
ibid.	in the same place in the source already mentioned
NB	important
n.d.	no date given
No., no.	number
op. cit.	in the source already mentioned
p.	page
pp.	pages, as in pp.1–10
re.	concerning
ref.	with reference to
viz.	namely
vol.	volume

9.3 Human sciences-based usability testing methods

Indicator	USA	UK	France	Singapore	Germany
Funding	private (50% +)	public sector, taxation + national insurance contributions (NICs)	compulsory insurance contributions from employer/ee; fees paid directly to doctor but reimbursed by insurance	dual system; public sector provides for 80% of hospital care and 20% first-stop (primary) care; funded by taxes, employee contributions; compulsory savings into fund; personal out-of-pocket fees	compulsory health insurance is central to revenue; state insurance and private health plans; employer and employer contributions; taxation
Coverage	15% no cover Two major health plans (insurance)	free, but (small) charge for prescriptions; 11% in private health insurance plan	100% state but some people have additional private coverage	100% but patients expected to pay for part of treatment	100% but some restrictions on treatments
Welfare	state support for low income/ needy/help for those over 65-years-old	many exemptions – children, over 65, unemployed 85% of prescriptions exempt, i.e., no fee	fees for doctor or hospital reimbursed but some treatments not reimbursed	public sector hospitals for lower-income groups; private hospitals for richer; fees for services	unemployed; very low income exempt from full insurance contributions
Doctors	private practice; fees from patients' private insurance; direct payments	mostly state employees; general practitioners (GPs) = local doctors paid acc. to workload = number of patients in an area; also hospital doctors, specialists mostly for public sector but paid extra	state employees paid a salary; also private doctors paid by fees for their services	may choose public or private sector if places available	some general practitioners but many local specialists; hospitals mostly state but payments expected for some treatments; a few private clinics or private rooms in state hospitals
Facilities	public and private hospitals; charges to patients or their health plan; public hospitals answerable to local city or state authority	local GPs 'surgery' = clinic; referrals to hospital or specialist; hospitals are independent (own management) – expenditure problems!	public hospitals (not for profit) but also private hospitals (for profit); government provides funding and sets fees, contributions, etc., in public sector	government subsidizes primary healthcare, i.e., cost is higher than level of fees paid by patients	most hospitals have good facilities, but some are over-subscribed and some are under-used; state-controlled with local autonomy

7.4 STUDENT B

PS = Public sector (civil servants = workers in public sector)

Give the other members of the group information about your list of proposed savings.

Your group should select a total of six items: ONE transfer item, TWO capital expenditure items, ONE current expenditure item, ONE revenue item and ONE additional NON-REVENUE item.

Transfer payments (B)	reduce bonus payments to civil servants	100 m
Capital expenditure (B1)	cancel plans for new IT system in National Health Service	250 m (for next five years)
Capital expenditure (B2)	delay government involvement in new electricity generating stations	1 bn (for next five years)
Current expenditure (B)	abolish regional industrial business promotion agencies	2 bn
Revenue (B)	increase airport landing charges	1.5 bn (for next five years)

5.4 Student C

Economic and environmental background: [Indonesia]

Give some background about the economy, including GDP/per capita, labour force, unemployment, poverty, exports and import commodities and partners.

Outline the main environmental issues for this country.

Use

<https://www.cia.gov/library/publications/the-world-factbook/index.html>

Use the above website to find out about FDI and Indonesia.

7.4 STUDENT C

PS = Public sector (civil servants = workers in public sector)

Give the other members of the group information about your list of proposed savings.

Your group should select a total of six items: ONE transfer item, TWO capital expenditure items, ONE current expenditure item, ONE revenue item and ONE additional NON-REVENUE item.

Transfer payment (C)	reduce salaries by 15% of PS employees already earning over 100,000/year	100 m
Capital expenditure (C1)	reduce waste in defence procurement	200 m (over next five years)
Capital expenditure (C2)	delay construction of two new prisons	2 bn (for next five years)
Current expenditure (C)	reduce activities of regional skills training councils	300 m
Revenue (C)	increase personal income tax	1.2 bn

5.4 Student D

Economic and environmental background: [Rwanda]

Give some background about the economy, including GDP/per capita, labour force, unemployment, poverty, exports and import commodities and partners.

Outline the main environmental issues for this country.

Use

<https://www.cia.gov/library/publications/the-world-factbook/index.html>

Try to find out more about FDI and Rwanda from:

www.unctad.org/sections/dite_dir/docs/wir10_fs_rw_en.pdf

7.4 STUDENT D

PS = Public sector (civil servants = workers in public sector)

Give the other members of the group information about your list of proposed savings.

Your group should select a total of six items: ONE transfer item, TWO capital expenditure items, ONE current expenditure item, ONE revenue item and ONE additional NON-REVENUE item.

Transfer payments (D)	impose higher employee pension contributions AND increase retirement age by two years	1.8 bn
Capital expenditure (D1)	cancel orders for new fighter aeroplanes, military transport planes and nuclear submarines	3 bn (for next 20 years)
Capital expenditure (D2)	delay construction of new bridge	500 m (for next five years)
Current expenditure (D)	decentralize aspects of education planning and administration	600 m
Revenue (D)	increase business taxes	2 bn

11.2 Model Cornell notes

Review

Notes

Six main factors but three factors in lecture:

1 demographic 2 migration 3 patterns of work
(NOT wages, technological development and environment)

1 Demographic

1 a population growth

- + (Mainly Africa - high inf. mortality - bigger families) e.g., Burundi, Niger, Centr. Afr. Rep & Asia - Pakistan, Bangladesh, Afghanistan) approx. 4% p.a.
- (Eastern Europe) e.g., Poland, Romania, Ukraine (unlikely to be 'new consumers' for W. Europe)

1 b ageing population → life expectancy, e.g., Japan, Australia, Switzerland, Canada, etc., 80+ (UK soon!)

cf. populations with 25%+ over 60 y.o., e.g., Japan, Germany, Italy
(→ demands - health care, special housing, etc.)

Young population also a problem

cf. Africa (many 40-45 y.o., e.g., South Afr. 45)

N.B. Africa all top ten nations 0-14 y.o. group (40%+)

Associated problems

- high demands for educatn.
- high health expenditure BUT
- poor employment chances
- limited contribution - national revenue

BUT Mullan (2002) (social economist) ageing population ≠ a 'time-bomb'
adv. econ. must re-examine social benefits of elderly population

2 Migration (three main aspects)

1) political aspects; e.g.,

- a. W. Europe - limits (but free movement for EU members)
- b. USA (\$ billions to prevent illegal migration but historically destination for migrants!)

2) economic aspect

danger for illegal migrants, e.g., N. Africa > Spain, Italy
trafficking (exploitation of workers), e.g., incident in UK (2004)
(214 million migrants, \$414 billion remittances + internal displacement, IOM figures) = complex issue

3) economic necessity vs political opinion, e.g., UK (AS East European countries - 1 mill. > UK 2004-2009) but reversal after economic downturn; returned home BUT political and popular opinion 'net immigration too high'

3 Patterns of work (e.g., UK)

industry

historically (since mid-18thC) manufacturing nation BUT 2004 about 12% to about 10.7% in 2009 in manufacturing; approx. 18% if support workers counted;

agriculture

only 1% in agriculture in UK cf. some EU, e.g., Poland (15%) Romania (23%) but cf. China & Thailand (40%+)

Summary:

12.1 Putting a value on nature

How can the economic value of nature be assessed?			
Total economic value	Use values	Direct use value	Consumption benefits e.g., sight-seeing, fishing, agricultural products
		Indirect use value	Ecosystem benefits e.g., chemical self-regulation of water supplies
		Option value	Future availability benefits e.g., genetic manipulation
	Non-use values	Bequest value	Legacy benefits e.g., habitat/landscape/cultural conservation
		Existence value	Existence benefits e.g., knowledge of biodiversity/programmes

Adapted from OECD (2001). *Valuation of Biodiversity Studies*. Paris: OECD Publications.

Wordlist

Note: Where a word has more than one part of speech, this is indicated in brackets. The part of speech given is that of the word as it is used in the unit. So, for example, *contract* is listed as *contract (v)*, although it can also be a noun.

	Unit		Unit		Unit
A		buffer stocks	8	curb (n)	11
accelerator effect	7	bundle	1	customer loyalty	12
access (n and v)	4			cycle	6
accountability	11	C			
activity	1	capacity	3	D	
administration (enter into ...)	10	capital	1	data	4, 12
affluence	5	capitalism	2	database	4
afford	7	case study	12	debt	1, 5
ageing	11	cautious	7	debt relief	5
aggregate	7	census	11	default	4
alleviate	8	classify	9	degradation	5
allocate	3, 9	commitment	6	demand	1
allocative	9	communism	2	demographic	11
arise	8	compete	1	departure	11
assess	6	competitive	7	deprivation	8
assessment	7	competitiveness	9	deregulation	1
asset	1	competitors	2	derive	3
auction	4	compile	4	derived	10
availability	3, 6	complementary	3, 10	designate	7, 9
aware	8	composite	3	discrimination	9
		concessions	10	disequilibrium	3
B		congestion	10	displaced	11
bail-out (n)	10, 12	consistent	8	disposable	3
bail out (v)	12	consumers	2	disposal	10
bankruptcy	10	contingency	10	distort	9
barrier	8	contract (v)	6	distortion	9
basis point	7	contraction	3	diversify	5
beneficiary	12	contractionary	11	document	4
benefit (n and v)	2	conversion	3	donor	5
bequest	12	cooperate	1	downgrade	3
bid (n and v)	10	corporate social responsibility (CSR)	12	downturn	3
biofuel	8	corporate	1	downward	3
bond	7	coverage	9	dramatically	11
borrower	6	craft	6	drawback	4
borrowing	7	credit (n and v)	6	drugs	9
brand	10	creditor	10, 12		
browse	4	crude	11		
budgetary	10				

	Unit		Unit	Unit
E		F		
econometrics	1, 2	facilitate	11	industrialized
economic cycle	12	facility	8	inelasticity
economics	2	fertility	11	inflow
economist	2	file (v)	10	influential
economy	2	finance (v)	6	infrastructure
ecosystem	12	findings	12	inhuman
effectiveness	6	finite	5	initiative
efficiency	1, 3	fiscal	7	inject
elasticity	1, 8	fluctuation	3, 8	injection of capital
electronic	4	forecast	7	insolvency
empirically	2	foreclose (v)	12	instrument
employment	2	founder	6	insurance
enterprise	2, 5	fraud	1	integrity
entitle	9	fund (v)	6	interdependent
entitlement	11	futures	1	interest
entrepreneur	2			interest rates
entrepreneurial	6	G		intermediary (n)
equality	9	gender	9	intervene
equalize	9	globalization	5	Intranet
equation	2	GP (general practitioner)	9	investment
equilibrium	3	grant (n)	6	irrational
equity	9	gross	7	issue (n and v)
ethical	6	growth	1	
ethnic	9	guarantee (n and v)	6	J
ex-ante analysis	10			judgement
exceed	7	H		justification
excess	3	harmful	1	
exempt	9	homeowners	6	K
exert	11	hyperlink	4	keyword
exit (v)	4			
expansion	3	I		L
expansionary	11	idealization	7	lasting
expectations	6	imbalance	6	laundering
expenditure	1	immigration	11	ledger
exploit	11	impact analysis	10	leftward
exploitation	5, 11	implement	7	legacy
ex-post analysis	10	imply	6	lend
extension	3	impose (taxes)	7	lending rate
'externalities'	10	improvement	5	leverage
extraction	5	index	1, 4	liable
extractive	5	indices (pl)	7	licensing
				life expectancy

	Unit		Unit		Unit
liquid (adj)	2	N		product range	12
liquidity	2	needy	9	productivity	3
loan (n and v)	6	negotiate	6	property	1
log in/log on (v)	4	net (adj)	11	proportionately	8
log off	4	non-renewable	5		
login (n)	4	norm	9	Q	
long-term (adj)	8			quantitative	1
lottery	10	O		questionnaire	12
loyalty	12	occupational	11		
		opportunity cost	2	R	
M		outline	3	raise (taxes)	7
macroeconomics	2	output	3	rating	7
magnitude	8	outsourcing	5	raw materials	5
maintain	6	outweigh	3	reassess	1
manufacturing	11	overestimate	1	recession	3, 12
marginality	3	overhead	10	recipient	5
market failure	10	overheads	6	recoup	12
match (n and v)	6			redistribution	9
measure (n and v)	6	P		reduce	3
mechanism	8	Pareto-efficient	9	(make someone) redundant	12
media	4	partnership	5	referral	6, 9
medication	9	password	4	regime	11
mega-event	10	pension	11	reimburse	9
menu	4	per annum	11	reject	6
microcredit	6	perform	6	relative (adj)	9
microeconomics	2	performance	6	release	8
microfinance	6	perishability	8	relevance	7
middlemen	11	pharmaceutical	5, 9	reliability	3
migrate	11	pioneer (n and v)	6	remittances	11
migration	5, 11	plummet	10	renewable	5
minimal	8	portfolio	4	replace	8
misjudge	1	practitioner	1	replaceable	5
mission	6	predict	2, 11	replacement	5
misuse	5	predictable	1	'repos' (repossession)	12
mobility	5	prediction	6	resources	2
monopolistically	11	premises	6	respondent	12
monopoly	10	prescription	9	retail (outlet)	12
mortgage	4, 7, 12	privatization	7	retire	11
mortgagee	12	procedure	6	retirement	11
multiplier	10	proceed	6	revenue	1, 4
		procurement	7, 10	reversal	11
		produce (n and v)	2	revolutionize	4

rightward	7	supplier	10	W	
rocket (v)	10	supply	3	wastage	8
S		surpass	11	wasteful	5
sample	12	surplus	4, 5, 8	wealth	5
saturated	6	survey	12	weapons	6
saturation	11	T		web page	4
scam	4	tariff	8	welfare	2, 9
search (n and v)	4	technology	4	willing	7
search engine	4	tender (n and v)	10	withdrawal	7
security	1, 6	term (n)	6, 10	workforce	11
self-reliant	9	theoretical	2	workload	9
self-sufficient	5, 6	trafficking	11	would-be (adj)	11
shareholder	2	transaction	4	Y	
shares	1	transfer (v)	5	yield (n)	7
slash	10	treat	9		
slavery	11	treatment	9		
slump (n and v)	10	trustworthy	12		
small-scale	5	U			
SMART framework	12	underserved	6		
soar	8, 10	undertaking	10		
software	4	undervalue	3		
specialization	1	unemployment	1		
sponsorship	10	unlawful	11		
spread (v)	7	unserved	6		
spreadsheet	4	unskilled	9		
stage	10	unstable	3		
staging	10	upward	3		
stakeholder	2	username/ID	4		
staple	8	utility	1		
starvation	8	V			
stimulate	3, 5	value (n or v)	9		
storage	8	variable	8, 9		
strike (n)	11	variation	3, 7		
subject (to)	8	venue	10		
sub-prime	1	vulnerable	11		
subsidy	2				
subsistence	8				
substitute	3				
substitution	5				
suffer	9				
supervision	1				

Transcripts

Unit 1, Lesson 2, Exercise B 1.1

Part 1

Good morning everyone and welcome to the Faculty of Economics. I am very pleased that you have chosen this subject and I hope this first lecture will help you to understand more about the importance of economics as a discipline and its relevance to the modern world.

Right, before I ask a couple of essential questions, I want to mention an important fact which influences our thinking nowadays. Many people worldwide are trying to assess or, more accurately, reassess the position of economics globally as a result of the financial crisis which began in late 2008. Now, this situation is not new. Economists have modified their ideas and perspectives several times, especially in the last 80–90 years, because of changing world circumstances. You will go into more depth on the history of economic thought later in your course. But please keep this reassessment process in mind as you study. It might take a number of years before economics is again in a confident and stable position, but this is a challenge we must face! I am optimistic that economists will make an important contribution to world recovery and future growth.

Unit 1, Lesson 2, Exercise C 1.2

Part 2

So, let's look at a number of key questions. Firstly, 'What is economics?' It sounds simple, but it is really quite complex! To answer this, we need to think of economics as a science, such as physics or chemistry, but also as a *social* science, like geography or history. Scientists notice what happens, then they analyze these events and try to interpret them. They try to predict outcomes and test their ideas. Well, economists do more or less the same. Your studies will help you to understand, in a scientific way, how economics has developed. It is this approach to economics which allows us to call it a scientific discipline. In economics, it is important for students and practitioners – bankers, analysts, investment advisers, traders and so on – to behave in a rational and responsible way to maintain the reputation of economics.

There are so many branches of economics so, for today's lecture, I will divide the main areas into five sections, although this is really an over-simplification.

Firstly, you will learn about how economies develop, how nations compete and cooperate. As part of this process, you will find out about international agreements, related to the supervision of world trade. You can then understand better why government intervention is sometimes acceptable and necessary.

Secondly, you will understand about economic growth nationally and internationally and how this growth might be sustainable. I mean, continued into the future.

Thirdly, you will learn how prices are determined for goods, commodities and currencies. As part of this process, you will understand about topics such as supply and demand, inflation and deflation, employment, unemployment and many more.

Fourthly, you will find out about how markets work for goods and services and the internal and external influences on them.

Finally, and to complement these four areas of study, you will learn how technology has changed the face of economics by making communication and decision-making so much faster. You will also learn how you can use this technology to analyze and predict.

Economics depends, as I mentioned, on a scientific approach to real events that have consequences for everyone. You will start to recognize the rational nature of economics ... and the irrational side! If there is growth in the world economy, people are generally satisfied. When things go wrong, people look for someone to blame. Economists are not supermen, or superwomen, but merely human beings! So, like all humans, they can make mistakes and misjudge situations. This is what I will discuss in the next part of my lecture.

Unit 1, Lesson 2, Exercise D 1.3

Part 3

If there is an economic decline, then people often need to blame someone – the government, the bankers, industrialists, people making too much profit and, very often, economists. Let's consider the economic crisis which began in 2008. As in many human decision-making situations, economic analysts, bankers and investors, etc., made harmful errors. At that time, they misjudged financial markets. Bankers thought they could make unlimited profits. Analysts overestimated market growth. Producers miscalculated demand.

Investment institutions created financial instruments which carried too much risk – and these professional economists made other human errors.

One example was the American sub-prime housing market, which many people say was the main cause of the 2008 financial crisis. The sequence of events was this. Firstly, banks were happy to give loans or credit to borrowers to buy a house. These loans are called mortgages. That is M-O-R-T-G-A-G-E by the way. But the second point is that these loans were given to borrowers who were not really in a strong financial position. The banks knew these borrowers would find repayment of interest difficult. Many people were sub-prime borrowers – ‘sub’ means ‘below’ and prime means ‘top-quality’. So, it was predictable that these mortgages could never be repaid. That is one example of a misjudgement. But to find a solution to the economic illnesses, we always need to remember that we are dealing with human factors!

Unit 1, Lesson 2, Exercise E 🎧 1.4

Part 4

So, we’ve looked briefly at the challenges for economics. Now let’s turn to your studies. So, first of all, what are you likely to study over the next two or three years? Well, you have to study some core subjects – quantitative, mathematical and international economics. Then you will learn how international markets work. You will also understand how economic unions or organizations work, such as the EU or the World Trade Association. Later, you will learn to differentiate between public and private sector finances in applied economics. If you are interested in mathematics and statistics, you are likely to study more about econometrics. Other specializations are possible, such as environmental, health or agricultural economics. You might examine an area such as corporate social responsibility. So, there is a wide range of topics to stimulate you in the coming years!

Right, now what about jobs? It’s never too early to think about a career in one of the many branches of economics. Let’s start with the public sector – the government departments which create policies and are responsible for revenue, expenditure and analysis. There are also many economists in local government, too, who analyze income and expenditure or investment locally. In the private sector, many retail or High Street banks employ economists to give ordinary customers

financial advice and support. Some banks have no retail outlets and only have investment activities. Nowadays, independent financial consultants or asset managers are responsible for trading and investing in different markets, usually for corporate clients. You would probably need several years’ experience before you could work in this branch. Insurance is another branch where economists are employed. It might not sound very exciting but it is a very competitive business, especially after globalization. Many aspects of trade, shipping, aviation or property are linked to insurance. Finally, there are many economists who work in private companies or retail businesses. They may be analysts, advisers, buyers, accountants or supply chain specialists, amongst others.

So, I hope that this introductory lecture has given you a few things to think about. And I hope, too, that you can now begin to answer those two important questions, ‘What is economics – and why is it important?’

Unit 1, Lesson 3, Exercise E 🎧 1.5

Introduction 1

Today I’d like to talk about different types of financial trading. There are four ways to classify these activities. I am only going to talk very briefly about each, so that you can understand some of the basic principles and specialized terminology that is used. The first form of trading is called equities. Secondly, we have securities. The third type is called commodities. Finally, we have currencies. So, that’s *equities*, *securities*, *commodities* and *currencies*. Later in your course, you will be looking at each form of financial trading in more depth.

Introduction 2

Good morning everybody. Today we’re going to look at the regulation of the banking and finance industries. We’ll also consider some of the advantages and disadvantages of controls. Regulation means that the government or independent bodies have a lot of control over the banking industry. Yes, ‘bodies’ here means organizations, authorities or committees. These bodies are usually appointed by the government. Some economists believe that governments in advanced economies have allowed too much deregulation in the industry over the past 20 years or so. This has been a factor in the recent economic and banking crisis.

Introduction 3

Good afternoon everybody. Today's lecture topic is government revenue and how governments can raise money to finance their budgets. Because I am most familiar with the UK economy, I will use the UK as an example, but there are, of course, differences between most countries. *Revenue* means money that is paid to the state for different reasons. In Britain, the Treasury is responsible for revenue and expenditure. I will try to mention the most important ways in which the government takes money off its citizens! You may already know some of these sources of revenue, but some may be a bit surprising or unexpected. Most economies have different ways of raising revenue. In some countries, the government still controls industries and resources such as gas or electricity. It may also be responsible for extractive industries such as mining or drilling for oil. This government control is known as *state ownership*, but it is not found everywhere. So, I will concentrate on the other main sources of revenue in a mixed economy without considering state-owned industries.

Introduction 4

Good morning everyone. Today I want to provide you with a brief historical overview of the development of economic thought. I will cover a period approximately from the middle of the 18th century to around 1890. Most economists would accept that the four thinkers I have chosen are very influential. By the end of this lecture, I hope that you will know more about David Hume, spelt H-U-M-E. He lived from 1711 to 1776. Then there is Adam Smith who lived from 1723 to 1790. And David Ricardo – I will spell that for you – R-I-C-A-R-D-O who lived from 1772 to 1823. They were all British, but not all English! In addition, you should know about Karl Marx, that's K-A-R-L M-A-R-X, who was born in 1818 and died in 1883. As you may know, he was German, although he spent a lot of time in England. So, you see, there is a period of approximately 150 years to the present, so I'd better get started.

Introduction 5

In today's lecture, I am going to talk about the interrelationships or interdependence between economic factors in that period when an economy does not grow and when production declines. This is known, officially, as a *recession*. We can see the relationship between the different factors as 'cause and effect', but it is often very difficult to say which 'cause' is responsible for starting a recession. As you know, most economies go

through cycles where they might grow for a certain time and then, for many possible reasons, the economy starts to slow down. My lecture today will concentrate on the specific factors present in a recession in an advanced economy and how they interrelate.

Unit 1, Lesson 4, Exercise D 🎧 1.6

Lecture 1

Let's expand on the different types of trading activity, starting with *equities*. Equities are usually in the form of shares in larger companies. Companies issue them to increase their own capital. This happens when new capitalization is needed. Company analysts or accountants suggest that new capital is necessary. This will help the company to expand or produce more. Investors can buy and sell shares in the company and the price on the stock market may change from day to day. There is usually no problem in finding investors. They will want to buy the new issue in a company which is strong.

Government bonds or *securities* are further examples of trading in a whole range of instruments which are negotiable. That means they have a value and can be traded easily, for example, the German government bonds. These are called 'bund'. Another famous bond is the US Treasury bond. Gilts, bund and US bonds are quoted separately on the financial markets. These are very safe and provide a strong guarantee for the investor. However, there are two disadvantages. The first is the relatively low rate of interest. Secondly, these are long-term bonds. 'Long-term' indicates the lifetime of the bond, perhaps 10, 20 or even 50 years! This means that inflation can affect the value of the securities. The end of the lifetime of a bond is called the maturity. So, many people sell bonds before maturity because of inflation. There are many other financial instruments such as debt or credit bundles. But many instruments are related to mortgages and other property-related assets.

In the *commodities* markets, traders buy and sell a wide range of commodities, including oil, or coffee, metals such as copper or gold and other agricultural or mineral products. Now, trading in commodities often depends on very large investments as prices do not usually change very much from day to day. Of course, there can be dramatic events which cause sudden price changes. This is an advantage for the large investor. However, it means that small investors cannot

easily trade in commodities. Another factor is that the investor is usually 'buying forward'. This is why economists talk about futures. It means that the investor speculates about the future price for the commodity and accepts the risks.

Finally, let's move on to *currency trading*. There are a number of world currencies – the dollar, yen, pound and euro – plus several additional strong trading currencies such as the Swiss franc or the Chinese yuan. One advantage is that trading involves a fairly simple conversion. Conversion means the value of one currency compared to another, on a day-to-day basis. Another advantage is that the currency market can help a government to develop its own currency reserves and stabilize the economy. A government can release some of its currency reserves to increase investment or to solve economic problems at home. An advantage for the large investor is that even very small fluctuations in the price of one currency can mean large profits. However, there are some disadvantages related to currency dealing. Speculators can force the price of a particular currency up or down by buying, or selling, amounts of the currency. This may be independent of the real value of the currency and the strength of that nation's economy.

Unit 1, Lesson 4, Exercise D 1.7

Lecture 2

So what are the arguments for and against regulation? I will try and present each argument in favour of regulation and match it with a counter-argument from the point of view of the banks.

Regulation means that it is possible to identify problems in the financial systems early and take action. However, the banks say that there is already enough control.

Next, regulators want to make sure that the banks do not lend too much money compared with their assets. This is known as the debt to capital ratio. Regulators say that a safe ratio must be set for all banks. The banks have a different view and say that the debt to capital ratio must be flexible to allow them to invest without restriction.

Regulators want to monitor the types of loans for industry, business or housing, but banks say that regulation would add extra costs to all transactions and discourage borrowers. Banks also say that there would be more delays.

Regulators say that customers need more protection against unfair bank practices, but the

banks argue that many regulations to protect customers are already in place.

Fraud is another worry for regulators. This involves illegal transfers of money, as well as people or businesses that avoid paying tax on their investments. However, the view of the banks is that most fraud takes place through the Internet. The banks say controls on transfers and accounts are already very strict.

Finally, regulators say that banks need to reduce costs to customers. However, the banks argue that regulations increase paperwork and, as a result, this increases costs to customers.

We will have to see how things develop in the next few years, as obviously there are two quite different viewpoints!

Unit 1, Lesson 4, Exercise D 1.8

Lecture 3

As you may be aware, most advanced economies have a form of income tax. Usually, there are different rates of income tax to make the system as fair as possible, especially for people who have low incomes. Rich people always complain about high tax rates but they don't always get much sympathy. Income tax usually provides the government with a large proportion of its revenue.

Next, we will look at *duties*. This is a special form of tax which a government places on certain items such as tobacco, petrol, alcohol and, in Britain, stamp duty which is paid when buying a house.

Most countries, including Britain, have Value Added Tax – VAT. This is simply an extra tax added to the price of an item, such as clothes, cosmetics, household articles, etc. You have to pay VAT on some foods, but not all. Most people dislike VAT, but it is an easy way for the government to increase revenue.

Governments also receive fees for different documents, such as passports, but also for visas and registration fees. Perhaps some of you have paid the, usually rather high, visa fees for entry into the UK!

Most people have to pay a form of property tax, either domestic or commercial. In the UK, property tax is called council tax and is based on the size of the house. It is calculated locally. This makes it fairer because property prices vary in different parts of the UK. Business property is taxed at a different rate from domestic houses and low business property taxes can encourage expansion.

Businesses also have to pay tax on their profits at a special national rate. Of course, this tax can be a problem if the tax is much lower in one country than in others and businessmen often complain that the competition is not always fair in such situations.

Finally, the UK government obtains revenue through National Insurance Contributions, or NICs, which are not really taxes. People who work pay a proportion of their income as NICs, usually about 15–20% of their salary. However, these payments also fund the National Health Service, and provide unemployment or child benefit. NICs also help to provide a state pension for people when they retire from work. So, it is understandable that governments want to have the maximum amount of revenue. But it is equally understandable that people complain a lot about taxation!

Unit 1, Lesson 4, Exercise D 1.9

Lecture 4

Now, of the key economic thinkers, David Hume is perhaps better known as a philosopher. Hume said that it was commodities, materials such as cotton, pepper or gold, and not capital, that really mattered. Hume said that commodities should be more freely traded so that more nations could benefit. This would increase the wealth for more people in more countries. On the other hand, Hume was also concerned about the impact of trade on human behaviour. Many European countries had become competitors for the expanding world markets, particularly in the 18th century. They established trading posts in other countries or took control of other places by making them colonies. They fought wars to defend their colonies and to expand trade, especially the terrible slave trade between Africa and America. Hume was not a supporter of the slave trade. We can see why Hume was considered a bit of a revolutionary economist.

Adam Smith used Hume's analysis and expanded his ideas. In 1776, Smith published the extremely influential *The Wealth of Nations*, which is considered the first detailed study on economics. Smith produced a complete analysis of trade. This included an examination of the division of labour, the value of wages, money supply, as well as the principles of supply and demand. Smith proposed theories on interest rates, investment and much more. England was at war for much of Smith's life, so his ability to include examples and information

from other economies – France, Holland, India, China and America – makes his work a very impressive study for the period. *The Wealth of Nations* can be seen as socio-economic history, but its influence is unquestioned. Smith certainly provided the platform for modern economic analysis!

So, the last English economist we will look at is David Ricardo. He was, officially, English, but his family came from mixed nationalities and had been involved in trade and banking. He became rich by arranging and dealing in government securities, usually to fund the wars Britain fought! Ricardo had time to think and write about many aspects of economics. During his lifetime, remember he lived from 1772 to 1823, England fought many wars, and lost the American colonies. But it also became a major industrial power. Europe had seen the 1789 French Revolution, as well as huge social change. Like Smith, Ricardo believed that economic wealth and stability depended on commodities, not money. He also wrote that the government should not print and circulate money unless it was supported by the availability of commodities at the right price. Markets and money supply should be allowed to develop without government intervention. The economic theory which Ricardo began is generally called *laissez-faire*, which is a French term meaning 'Let it be' or 'Don't interfere' or 'Don't take any action'. 'Laissez-faire' ideas support free trade with limited government protection of industry or agriculture, in other words no government intervention.

Now we come to our final economist. Karl Marx's writing and economic analysis were the beginnings of communism. He emphasized that the working class should control production and also political power. A number of communist states tried to put his ideas into practice, but this was not always successful. However, there is still a lot of support for some of Marx's ideas. Again, you should think about the social and political background of the time when Marx was writing. Many new nations were emerging, and old ideas were changing. Machinery had been introduced to build up industrial economies. In Europe, working people wanted freedom. Marx was German but spent many years in England. He was interested in the condition of the English working class. The workers lived in very poor conditions and were exploited by the factory owners. Marx considered that production was a struggle between capitalists – factory owners, bankers, financiers – and 'labour'. By this, Marx means the workers had

nothing except their ability to work. He wrote about his ideas in a famous book, *Das Kapital*. The first volume was published in 1867. In this book, Marx said that workers only ever receive the value of their labour. Marx said that capitalists would always exploit workers because the maximum profit is linked to the minimum of wages. So, for Marx, it was a struggle between two opposing sides – capital and labour. This was a viewpoint that worried governments and capitalists, but appealed to ordinary working people.

Unit 1, Lesson 4, Exercise D 1.10

Lecture 5

As I said, an economy can move into recession after a period of growth. A very deep recession is known as a *slump*, spelt S-L-U-M-P. This presents many problems to governments. The changes or fluctuations during a recession are often measured according to the country's GDP – Gross Domestic Product – as you probably already know. After a recession, the economy begins to pick up again, but it is always uncertain how long a recession will last.

Let's analyze how a recession starts. This is a rather simplified version of a recession and you will learn more complicated ways to analyze economic trends later in your course. To analyze a recession, we need a starting point, so let's select *demand* as the starting factor. If demand decreases, it means that people are spending less on goods and services. Factories do not produce so much and service industries do not provide so many services. This means that unemployment increases. When this happens, the government has to pay more unemployment benefit and spend more on social welfare. As a result, there is less money for the government to encourage investment. In addition, businesses are worried about the fall in demand and do not take the risk of investing. In this situation, there is often a need for the government to increase revenue, usually by raising taxes. Because the economy is not very healthy, the government must decide what to do about interest rates. If interest rates are high, people will save, not spend. Moreover, it is expensive for businesses to borrow money in order to expand production. If interest rates are low, borrowing for investment might increase, but businesses often think that demand will not increase quickly enough. The usual result is that people have less money to spend which, in turn, leads to a decrease in demand. In a recession, it is difficult for a government to know *how*, *where* and *when* to intervene.

Unit 3, Lesson 2, Exercise B 1.11

Part 1

The objective of today's lecture is to outline briefly some of the basic principles which are applied in market economics. Some of you may already be familiar with these, but my lecture will be a reminder for you and will also ensure that all students understand and can apply these principles or concepts. A concept is an abstract idea. It cannot be seen or measured, but a concept is generally accepted by specialists in that discipline. In our case, some basic economic concepts form the focus of my lecture.

Many of you have also studied mathematics, but don't worry too much if there are a few gaps in your knowledge. Just to reassure you, you will have a lot of opportunities to improve your understanding of mathematics for economics.

So, today I will talk a little about markets and introduce you to some principles and terminology. I will outline particularly concepts related to demand and you will look at 'supply' later in the course. So, let's start off with the market factors!

Unit 3, Lesson 2, Exercise C 1.12

Part 2

We know that humans have certain basic needs. For example, we need food, clothes, somewhere to live, etc. But we also have 'wants'. In economics, 'wants' are things that we would like to buy. These are goods and services. By the way, in economics, we can talk about a good, as well as goods. In other words, *good* is a countable noun. We need a resource to buy goods or services and, in the modern world, the resource is money.

Money can come from a number of sources. Firstly, it can come from wages, as a reward for working. In economics, we call this source 'labour'. Secondly, it can come from interest. This is a payment made for investing money or capital in a business. Thirdly, it can come from rent, which is a payment for land or property. Finally, it can come from profit, which is the extra money that a business makes. We call these sources the 'factors of production'. Each of these factors will have a value and we can sell or lend them and receive payments. So, we have what is known as a factor market. The market for labour, for example, puts a value on wages. In some countries there is a minimum wage, which means that no employee earns less than a certain amount. That is quite an advanced or progressive concept but obviously it

has an effect on production costs. It is important for productivity that we do not overvalue, or undervalue, the costs of labour. Similarly, there is, as you know, a market for capital, where products such as bonds or shares can be traded. In business, entrepreneurs bring together labour, capital and materials to provide the goods and services.

In a free market economy, the markets themselves decide how economic resources – the factors of production – will be used or, to use a more technical word, allocated. Later in your course, you will consider the allocation of resources at different levels of the economy. What I have mentioned so far applies more at the *microeconomic* level. It is a bit different at the *macroeconomic* level where the government must decide how to raise money and how to allocate the resources.

Unit 3, Lesson 2, Exercise D 1.13

Part 3

Now let's turn our attention to demand. Economists have many different names for types of demand. But, don't worry, you'll soon see the differences. In a free market economy, the markets are allowed to function according to supply and demand. For example, producers estimate the quantity of a product which consumers will buy at a specific price level to make the maximum profit. Producers understand market and consumer behaviour and make careful calculations, but sometimes they overestimate demand.

So, a good start is, firstly, to mention 'effective' demand, which means the real ability or capacity of consumers to buy something. Lots of people plan to buy something or use a service but then they cannot afford it! So, secondly, we talk about 'realized' or 'actual' demand. This relates to what people actually buy.

You should also remember a third important definition for 'composite' demand. This is where a product may have more than one use and so the demand for the products is seen as composite or linked. A recent example has been where cereals or other crops have been used in some countries to produce biofuels. This has increased the price of these crops around the world. A fourth type is 'derived' demand where, for example, higher income results in increased demand for better health services or a greater consumption of energy.

When prices increase, there is a movement along the demand curve. This is known as a contraction

in demand. The opposite is called an extension if prices decrease. I will talk more about the reasons for these shifts later.

Now, let's think of the products consumers buy. Firstly, we know that if the price increases, consumers often change their minds about a good or a service and choose a substitute at a cheaper price. A further type is the complementary product, where the demand for one product is very closely related to the price and demand for another. A good example is the relationship between the price of petrol and the demand for cars. People buy more economical cars if the price of petrol increases and less economical cars if petrol prices fall. Another example ... to build houses you need land. If there is a shortage of land, then land prices go up. This will inevitably mean the cost of houses on that land will increase, which might lead to a fall in demand for houses.

Unit 3, Lesson 2, Exercise E 1.14

Part 4

So, let's summarize quickly. Demand is not a single concept, but has a number of variations – firstly, 'effective' demand, which talks about ability to buy, then 'realized' or 'actual' demand, what we do in fact buy! Goods and services can be related to each other, so we have the third definition of 'composite' demand. Remember our example with cereals and biofuels! Now, definition number four – 'derived' demand comes from a change in economic circumstances; for example, a pay rise for workers might lead to an increased demand for certain goods. I also mentioned what happens to demand – yes, it goes up and it goes down! Or to be more technical, we observe an extension or increase in demand, or a contraction, or decrease, in the demand curve. And what are people demanding? Well, goods and services, of course! But what happens when consumers decide that a good or service is too expensive? Well, they choose a substitute, don't they? And finally, don't forget complementary goods, where the interrelationship between goods is very strong and can influence each other. So, that's enough for now. Next time, we'll look at shifts in demand and what causes them, so please do some research on this topic.

Unit 3, Lesson 2, Exercise F 🎧 1.15

- 1 A minimum wage for employees means higher production costs.
- 2 If production costs for a good increase, demand is likely to decrease.
- 3 Effective demand is an indication of what consumers actually buy.
- 4 Consumers choose a complementary product because demand is less for the related product.
- 5 An extension of demand occurs when more of a product is consumed.
- 6 To show relationships in figures in economics, curves are usually straight lines.
- 7 Demand in the UK housing market contracted in the ten years 1998–2008.

Unit 3, Lesson 3, Exercise A 🎧 1.16

- 1 ex'tension
- 2 con'version
- 3 'composite
- 4 under'value
- 5 produc'tivity
- 6 environ'mental
- 7 re'cession
- 8 im'provement
- 9 entrepre'neur
- 10 margin'ality
- 11 di'sposable
- 12 equi'librium
- 13 vari'ation
- 14 'subsidy
- 15 'allocate

Unit 3, Lesson 4, Exercise C 🎧 1.17

Part 1

Now, today I want to talk specifically about what causes 'shifts' in demand. I hope you have done some research on this topic. Well, a shift is basically a movement in one direction. But here we need to ask the question 'Why would people want to buy more of a good *at the same price*?' Remember, we are not talking about price fluctuations which cause contractions or extensions in demand, but we are talking about a movement of the whole demand curve. It isn't really a straight line, but this

is how it is shown in economics.

So Slide 1 reminds us of how prices influence demand. That is, when prices change, these changes cause extension or contraction of demand. Have a good look.

Now, let's have a look at the shift in demand on Slide 2 when prices don't change. What has happened is that the whole demand curve has shifted. We can see that demand is greater in curve D2 at the same price. So, what might the reasons be for this shift?

Unit 3, Lesson 4, Exercise D 🎧 1.18

Part 2

So I will now move on to talk about the possible reasons for such shifts in demand which are shown on Slide 3.

Firstly, income is perhaps the most important. If people have more disposable income, they are likely to spend more, often on better goods.

The second reason is that competitors might reduce prices for substitute products. That should increase demand for their product, but this could reduce demand for your product.

Thirdly, good advertising or promotion of a product stimulates confidence among consumers who are likely to buy more.

Very often, the performance or quality of a product is improved and, usually as a result of increased efficiency or lower costs for materials, producers can offer the good at the same price.

In many consumer sectors, it is important to have new models, updates or new applications. Just think of mobile communications technology. Producers can create a fashion or a trend for a product to stimulate demand.

Now, I have mentioned complementary products before. So, if the price for one product changes, then demand for the other product will shift. Again, oil and cars provide a good example, but think, too, of the increased demand for alternative energy items such as domestic solar heating systems or small wind turbines when energy prices are high. Think, too, of the cheap flights offered by airlines and the impact on complementary services.

Changes in the law can affect demand. In many countries, there are special laws to protect young people and prevent them from buying certain products such as tobacco, certain video or computer games, or DVDs. Now, if the law changes – for example, if an age limit is raised, let's say

from 18 to 21, it will have an impact on demand for these goods and services.

Two final factors which may cause demand shifts relate to consumer behaviour and the weather! Firstly, consumers sometimes believe that there will be a shortage of some food products or petrol and become worried. So, they buy much more than usual, sometimes called 'panic-buying'.

Finally, we should not forget the weather. It often influences demand for certain products and this can sometimes catch out producers who have not provided enough or have produced too much!

Unit 3, Lesson 4, Exercise E 1.19

Part 3

Right, to complete our examination of demand, we need an example. Now, the demand for oil is interesting and *might* be useful. But as you know, oil prices can fluctuate quite sharply, almost daily, for many reasons. Demand might be affected, but oil is so essential for industry, transport and energy production that there is no substitute for many consumers. Therefore, oil is not the best example! So, we will consider the UK housing market, but focus mostly on the demand side.

British people could tell you that house prices doubled in the years 1998–2008. That is a huge increase. For most goods or services, a 10% increase every year would mean that demand would fall dramatically. But demand in the housing market remained strong. So, why was demand consistently high? There are several important factors which give us an answer. Firstly, employment was high and people earned more. Secondly, lots of people came to work in the UK. Thirdly, these workers often rented property, affecting the availability of places to rent. Point number four is that the banks offered low interest rates for mortgages, you know, credit to buy a house. Finally, property was seen as an attractive investment by some very large investors. So, you can see that housing is an example of an economic sector where demand is rather special. Now take some time to look at the statistics on your handout and think about what is involved. I'm sure you will learn much more about demand in the future.

Unit 5, Lesson 2, Exercise B 1.20

Part 1

Good afternoon everybody. Today's lecture has the title 'Globalization and sustainable development'.

So, we have two separate concepts which are closely related. As you know from other lectures, globalization depends on multinational activities, including manufacturing, finance and services. You have heard about multinational companies or multinational enterprises, so I'm sure I don't need to remind you! But today, I want to focus on how globalization can be sustainable. To illustrate this, I have four main topics. Of course, the environment affects all sustainability issues ... in one way or another, but, I must point out, today I'm not going to discuss the specific topic of climate change! That will come later.

So, the first topic I *will* examine refers to the raw materials which the world needs and uses, or exploits. Then, I will consider technology transfer, i.e., sharing technology effectively. After that, I will emphasize particular environmental issues, especially related to industrial expansion and pollution. Finally, my lecture concentrates on how globalization affects labour market conditions, especially in the developing world.

Unit 5, Lesson 2, Exercise D 1.21

Part 2

Nowadays, most people see globalization as an incentive to improve. But it is also a challenge because the real motivation must be sustainability. This will make sure that the majority of people benefit from global activities such as the exploitation of raw materials.

There are two main aspects to this discussion: resources and regulations! Now, first of all, remember we are talking about finite resources. What do I mean by this? Well, everything we take from the ground – such as oil, copper, and coal, zinc, bauxite – that's B-A-U-X-I-T-E, for manufacturing aluminium – will, one day, be used up, at an end! We cannot replace many raw materials, so substitutes must be found. Economists can construct models to show the exploitation of resources, but they must build in the finite aspect. Many MNCs extract metals or minerals such as gold, copper, platinum, aluminium or cement. Other countries, especially in Africa, possess the only deposits of certain raw materials. China, for example, has many rare deposits. But, unfortunately for the developing countries, they do not always have the technology to exploit resources. Even now, the oil-refining capacity of Middle Eastern countries is much less than its production capacity. So, developing countries need the expertise of more advanced economies. The commercial extraction of oil is only about 150

years old but ... er ... we all know how powerful the oil MNCs are, don't we? Even today, we see how harmful oil extraction can be for the environment. You remember how BP had to pay huge amounts of compensation for the Gulf of Mexico environmental accident in 2010? Well, things have improved ... a little.

This is the second key aspect to consider ... regulations. If MNCs want to exploit gold in Ghana or oil in Nigeria, for example, they must not ignore environmental regulations or take advantage of laws there which seem less strict. We can see one example of how some MNCs ignore regulations in Ghana where recycling of bits from computers is big business and dangerous for the workers! So some MNCs have shifted these recycling processes to the developing world where labour is cheaper and regulations less strict. I think most people agree that international environmental laws should protect all regions and all workers. Global standards should be as similar as possible ... Oh dear, I am sorry. I think I have already started to talk specifically about the environment ... which I wanted to mention later. Never mind, let's just carry on ...

Unit 5, Lesson 2, Exercise E 1.22

Part 3

Now turning to the next topic, technology transfer. Here I want to mention 3Ps – priorities, pollution and poverty! Well, basically, technology should not just be shifted to a developing country. It must be appropriate and safe technology for industrial and agricultural purposes. Of course, a high priority must be technology which will benefit most people. That is to say, it is necessary to think of the welfare of the people. Computers are extremely useful and can bring a lot of benefits, but will they improve the welfare of the majority of people in the developing world? One important element is CSR, that is corporate social responsibility. But we'll look at CSR later in the course.

Returning to the main idea now, a factory with modern technology will manufacture cheaper products, for example, plastic goods. So, a new factory will definitely have a positive impact on local employment. But such production will probably cause pollution. Furthermore, if there are small-scale metal enterprises or workshops, which manufacture products such as pots, pans or buckets, a plastics factory will have a negative impact on local employment. What I mean is, there

are some very important decisions to be made. Some people argue that all technology transfer decisions will, inevitably, have negative consequences. They maintain that only the rich will gain from it and the poor will not benefit. Perhaps that is too pessimistic, but clean water and basic sanitation do not need advanced technology!

Unit 5, Lesson 3, Exercise B 1.23

Part 4

I now want to turn to the topic of labour market issues. I will highlight three main issues: workers' rights, child labour and outsourcing. Often workers in the developing world move to urban, industrial areas to work in production, construction or assembly processes. Unfortunately, there is a danger of serious exploitation of these workers, meaning the *misuse* of their labour. They often have to work for low wages, work very long hours and live in poor conditions, usually paying a high proportion of their wages for their bed in a hostel. In addition, any downturn in the economy or in the particular industry means unemployment and real hardship.

Now let's consider the second issue. A very serious form of exploitation is child labour. An estimated 30 million children, globally, are working full-time. Children are used for dirty or dangerous jobs, but their wages are much lower than for adults. These children must live away from their families. Moreover, they receive little or no education or training and they face unemployment and poverty in a recession.

Moving on now to the third labour issue – outsourcing. Many first-world companies and financial institutions have shifted the location of some customer services to other countries. So many UK banks, insurance companies, utilities and communications companies have outsourced to India, for example. Often, workers there have less job security and fewer rights. Oh dear, unfortunately I've run out of time and we'll have to stop here. I haven't discussed everything so I'd like you to do some research. Please find out and evaluate what the main economic and environmental issues are in Ghana, Indonesia, Brazil and Rwanda, which is in Central Africa. We'll discuss your information next time.

Unit 5, Lesson 3, Exercise C 🎧 1.24

- 1 a'ssemble
- 2 en'vironment
- 3 a'ppropriate
- 4 exper'tise
- 5 e'fficient
- 6 ex'ploit
- 7 manu'facture
- 8 substi'tution
- 9 su'stainable
- 10 ex'tractive
- 11 pharma'ceutical
- 12 re'placeable

Unit 5, Lesson 3, Exercise D 🎧 1.25

Now turning to the next topic, technology transfer. Here I want to mention 3Ps – priorities, pollution and poverty!

Well, basically, technology should not just be shifted to a developing country.

Of course, a high priority must be technology which will benefit most people.

Returning to the main idea now, a factory with modern technology will manufacture cheaper products, for example, plastic goods.

So, a new factory will definitely have a positive impact on local employment.

But such production will probably cause pollution.

What I mean is, there are some very important decisions to be made.

Some people argue that all technology transfer will, inevitably, have negative consequences.

They maintain that only the rich will gain from it and the poor will not benefit.

Unit 5, Lesson 4, Exercise B 🎧 1.26**Extract 1**

LECTURER: Right, Leila and Majed, what did you find out about UK aid and foreign direct investment?

LEILA: Well, first we looked at the official government websites to see what information is accessible.

MAJED: You can find everything there – statistics on children's pocket money, the music industry, how many cars there are ...! All sorts of topics!

Extract 2

LECTURER: Right, so what else did you do?

LEILA: We spoke to some of the students from Africa to see what their experiences were. It was very useful.

MAJED: That's nonsense. They couldn't tell us anything specific at all.

Extract 3

LECTURER: Leila, can you give us a working definition of FDI?

LEILA: Well, basically it's not about governments giving aid to a developing country. That's ODA – official development assistance. FDI is about private investment.

LECTURER: That's a good start. What can the rest of you add to what Leila has said? Jack, what about you?

JACK: Well, erm ... I'm not really sure.

Extract 4

LECTURER: Evie, can you explain the difference between debt and debt relief?

EVIE: Well, debt is a much bigger amount than debt relief.

Extract 5

LECTURER: Yes, but what do we actually mean by debt relief, Leila?

LEILA: It's when an aid-giving government or institution says a recipient country doesn't have to ...

MAJED: No, in fact, it might have to pay back *part* of the debt.

Unit 5, Lesson 4, Exercise C 🎧 1.27**Extract 6**

LECTURER: Let's go back to the third diagram for a minute and see how we can interpret it. First of all, tell us about the distribution of UK FDI over the past few years.

LEILA: Well, it's obvious that most FDI was in the already developed world. Wouldn't you say so, Majed?

MAJED: Yes, and the earnings from FDI reflect that, too.

Extract 7

EVIE: Yes, in 2006 there was more investment in South-East Asia than in Africa and Oceania combined.

MAJED: Sorry, I'm not quite sure I follow ... Could you explain what you mean, please?

EVIE: Yes. It's the growing importance of China and other so-called 'tiger economies'. That shows how FDI takes advantage of economic trends.

Extract 8

MAJED: I'm sorry, I don't see why FDI is criticized. It's business investment.

EVIE: Yes, but there are many advantages to the investing company such as expanding markets, lower labour costs, tax benefits and government guarantees.

Extract 9

LEILA: Yes, there is a big difference between government ODA and the private companies' FDI. You can see how little ODA is in comparison.

JACK: So, what you're saying is that governments provide less than private companies?

Extract 10

LECTURER: This is all very useful to understand FDI, isn't it?

MAJED: Yes, so if we go back to the basic principles, FDI involves connections between private investment, governments and credit agencies. And don't forget the banks!

Extract 11

EVIE: Well, this just shows that FDI is all about making profit for private enterprise.

JACK: No, I'm not sure that's completely true. A lot of FDI really tries to help the people of the recipient country. Think of job opportunities and technology transfer!

Extract 12

LECTURER: So what do you think is really behind the statistics in the figures?

EVIE: Well, it's what Leila mentioned earlier. UK FDI goes mostly to the already developed world because there is less investment risk.

Extract 13

LECTURER: Any other ideas?

JACK: I'm sorry. Has anyone actually mentioned that FDI is like a sort of multilateral partnership?

LECTURER: Yes, in fact Majed and Leila made that point earlier. But your choice of expression is very appropriate.

Extract 14

LECTURER: So, what should we consider when we are talking about UK FDI in Africa?

LEILA: Well, I don't know if this is quite relevant but South Africa receives so much more FDI because of its advanced economy compared to other countries. But they often have much bigger populations with less advanced economies!

LECTURER: Yes, that's certainly a relevant point. FDI does not depend on population size.

Unit 7, Lesson 2, Exercise B 1.28

Part 1

Good morning everybody. What I'm going to talk about today is a variation on earlier themes – demand and supply – which you learnt about when applied to the microeconomy – individuals, households or a single business enterprise. You should already be familiar with these concepts at the micro level, but today I want to discuss their relevance to the macroeconomy. In other words, how do governments deal with the *total* amount of demand and the *total* supply of goods and services in the economy at the same time? Please bear in mind that this is, in fact, an ideal view, based on a number of theories and models, but not always a reflection of macroeconomic reality. For this reason, economists talk of an 'idealization'.

So today, I'll start by giving you a little background based on the UK expenditure situation. Then I will continue by providing a definition and discussion of the concept known as aggregate demand, or AD. After that, I'll outline how AD shifts. In addition, I will concentrate on those factors which influence investment, and finally I will deal briefly with budget deficits. Now, today I won't consider how the government borrows money, i.e., government borrowing, nor will I talk about the role played by the balance of trade. They will all be discussed in a later lecture in order to make things a bit easier to understand. Oh, yes, sorry, I forgot to say, I will deal with aggregate supply in the next lecture, too. So, just to remind you, today's focus is on expenditure, aggregate demand as well as some associated topics.

Unit 7, Lesson 2, Exercise C 🎧 1.29**Part 2**

Governments all over the world have to spend money! So let's try to ask and answer some simple questions. Firstly, how is money raised? Do all economies have similar spending opportunities? Does government spending always increase? What is the difference between public and private spending? And finally, how does government spending influence aggregate demand?

Governments can raise money by taxes and invest money in infrastructure, public goods and welfare, etc., as well as spending that money carefully and usefully. In the case of developing countries, governments' fiscal policy, that is, the way taxes are imposed, is often quite limited. Perhaps the government is in the early stages of the development of a national income tax structure or at the beginning of the introduction of a national insurance programme. This means governments impose taxes or duties on goods – tobacco, petrol, luxury goods or imported items, etc. From the point of view of expenditure, governments in developing countries rely on less revenue from income taxation and more from those consumer taxes, known as duties or levies.

In Britain, people talk about the increase in UK public sector spending. But, in fact, government spending – as a proportion of all investment expenditure – has fallen over the past 50 years or so. This is partly because of privatization. Expenditure on transport, mining, power generation and even areas of health care or education have been taken away from the public sector and shifted to the private sector.

Moreover, privatization of a variety of industries and economic activities in the 1980s, and later, has resulted in a shift of investment responsibility. But bear in mind that government expenditure is crucial in advanced economies. If public sector spending increases, then aggregate demand shifts, as I will now outline.

Unit 7, Lesson 2, Exercise E 🎧 1.30**Part 3**

Economics relies on diagrams and models to show a variety of relationships. This figure represents an idealization of the concept of aggregate demand. In this way, economists can represent economic conditions and describe changes in diagrams, figures or models, etc., based on common understandings of economic principles. So, let's

look at a diagram of aggregate demand. As you can see, the y-axis has the label 'price level', while the x-axis is designated 'real output'. The curve has the label AD and slopes downwards from left to right. Let's examine it more closely. You can see that a fall in price levels means that real output increases. In economic terms, consumers notice what is generally called a 'wealth effect'. They find themselves with more money to spend on consumer goods or services because prices are lower.

An important concept is a factor known as consumer expectation. Consumers might expect prices to rise in the future and therefore they increase their consumption at the present time. When prices rise, real output falls as a reaction to a fall in demand. Say that prices fall nationally, then exports will be cheaper, imports will become more expensive and that will lead to ... Oh, I'm sorry, I forgot that I intended to talk about exports in a later lecture!

Looking at it another way, aggregate demand involves those factors which influence the macroeconomy. This form of demand is made up of consumption, investment, government expenditure and the balance of trade, otherwise known as net exports.

Now, moving on to AD shifts. What do I mean by a shift of the AD curve? Well, basically it is a movement of the curve to the right, a rightward shift, based on an increase in AD or a movement to the left, a leftward shift, based on a decline in AD.

The point is that changes in any of the factors I have mentioned can result in a shift of the AD curve. I have mentioned price levels already, so let's focus on investment, government expenditure and exports ... Oh dear. I did it again! Exports will be dealt with in the next lecture! I am sorry.

Unit 7, Lesson 2, Exercise F 🎧 2.1**Part 4**

As I mentioned, investment is a key factor in macroeconomic terms. If there is increased consumer demand, businesses will want to cater for this. Perhaps you remember the definition of investment. It's really defined as the amount that entrepreneurs are willing to invest in new machinery or equipment, or expanding their premises to increase output. So, any capital investment of this type will inject a lot of money into the economy. This injection of capital, that is to say, investment, will result in a rightward shift of the AD curve. Another important concept is called

the accelerator effect. This is when investment responds to changes in consumer income.

So, as I said, if people have more wealth, the aggregate demand increases. At the same time, increased investment usually follows. So, factors which influence business investment are very important in our discussion of aggregate demand. An economic reality is that companies cannot simply invest in response to consumer demand. Consumer demand does not determine the level of interest rates on its own. In other words, if consumers have disposable income, they are likely to demand more. But companies must take into account interest rates, too, before increasing investment. If interest rates are high, they cannot afford to borrow. But, if interest rates are low or there is a falling trend, borrowing becomes cheaper for businesses. In order to meet any increased demand, businesses can borrow so that they can invest. If they invest in capital equipment, there is a good chance they will retain their competitive position. This increase in investment results in a rightward shift of the AD curve. On the other hand, a leftward shift occurs if interest rates increase. The point is that interest rates are not just related to credit arrangements such as mortgages. What's important about interest rates is that they are also very closely linked to business investment. Now, earlier I mentioned the concept of consumer expectations. But there are also changes in business expectations to consider. What's different is that expectations vary from positive, when rates fall, to negative, when rates rise.

But I can see that I am running short of time and I still need to talk about what happens when governments spend too much!

Unit 7, Lesson 3, Exercise A 2.2

- 1 simul'taneously
- 2 in'jection
- 3 com'petitive
- 4 re'source
- 5 'mortgage
- 6 pro'curement
- 7 ac'celerator
- 8 expec'tation
- 9 privati'zation
- 10 'aggregate
- 11 fi'nancial
- 12 'maximize

Unit 7, Lesson 3, Exercise B 2.3

Part 5

Now, let's move on to budget deficits, that is to say, the situation when a government spends more than it receives. Think of someone who earns £600 a month. If he spends £700, then he is asking for trouble! In other words, it is a much better idea to spend less than you earn or receive, rather than the opposite! Yes, that's true, but the fact of the matter is, for governments, a balanced budget where receipts equal spending is extremely difficult to achieve. And a government surplus, when receipts exceed expenditure, is a very rare event indeed! Let me put it another way, governments learn to live with deficits. It is a complex process to plan the budget. The reason for this is that expenditure decisions are based on a range of important factors. These include previous years' figures, predictions and careful guesswork! Plus there is the fact that borrowing adds to deficits, but I will talk about that in a later lecture.

Now, let's take a brief look at the growth of macroeconomics in the UK. You've probably heard of the welfare state – health, education, social housing, etc. Well, it was immediately after the Second World War that the Labour government established the pattern of public sector spending. By that I mean the systematic allocation of funding. It was social expenditure that the government prioritized. The reason was that so much infrastructure had been destroyed in the war.

So over the past 60 years or so, UK government spending has generally consisted of three main categories. These are transfer payments, current spending and capital spending. What is really important to bear in mind when discussing public sector budgets is this division of expenditure. Let's take transfer payments first. These usually include payments to unemployed people, child benefits, housing benefits, and other social welfare commitments. *Current* spending includes all the everyday costs of the things that the public sector needs, in schools and hospitals, for police or transport, etc., not to mention the fact that wages in the public sector have to be paid, too. *Capital* spending relates to expenditure to improve existing schools, hospitals and roads or to construct new ones – infrastructure, in fact. The advantage of these three categories, transfer payments, current spending and capital spending, is that they enable the government

to decide spending priorities. The government can then allocate appropriate resources to the public sector.

Oh dear, I seem to have run out of time and I really haven't covered everything I wanted to! So I will leave you with a fairly simple research topic. For the next seminar, I would like you to find out from the UK government website – HM Treasury – what the forecasts for income, or revenue, and expenditure were for this current year.

Unit 7, Lesson 4, Exercise B 2.4

Extract 1

Well, as I outlined in the lecture, most governments, including the UK, are very worried about the imbalance in their current accounts, that is, the deficits that most of them have. But they are even more worried about levels of debt following the global economic crisis beginning in 2008. Before that, government and private debt had been considered a natural and almost healthy feature of the economy. Now debt is seen as an economic weakness and dealing with high levels of debt is difficult. Governments need to borrow money, but 2008–2009 showed how quickly the investors disappear! Here, I mean all those institutions such as banks, finance and investment companies, pension funds, even other governments, etc., which were the main lenders to governments before 2008. They have lost confidence since the global economic crisis. So, I hope you have done some research on deficits and debt so we can discuss these issues together.

Unit 7, Lesson 4, Exercise C 2.5

Extract 2

JACK: OK, well, we all agree that annual government spending generally increases ...

LEILA: No, sorry, I don't agree with that because in a recession, there is often a reduction in government spending ...

JACK: Hmm, maybe. What I'm trying to say is that over the long term, that's to say, 20 years or so, expenditure grows.

LEILA: Alright. We need to be clear here about what a government budget really is. The point is that it's almost impossible for government revenue to increase to match expenditure. Very few governments have a true budget surplus.

LECTURER: Can you expand on that a little, please?

LEILA: Yes. For example, Saudi Arabia has a budget surplus. It receives enormous revenues from its oil production compared to expenditure. Or South Korea frequently has a budget surplus because it has such good productivity of consumer goods. But, most countries have a budget deficit – with the USA having the biggest of all!

EVIE: OK. Let's consider that. I'd like to make two points. First, Jack is right about long-term spending and Leila is also right about the difficulty in balancing budgets. That's the first point!

MAJED: So, what's your second point?

EVIE: My second point is that nowadays it is not enough just to talk about government spending and revenue in an isolated way.

MAJED: In what way?

EVIE: Well, the point is that most governments cannot survive without borrowing and that increases their debts. So having debts becomes a fact of economic life!

MAJED: Sorry, I'd just like to say that I'm not sure I fully understand the difference between budget deficit and debt.

EVIE: OK. Look at it this way, if government spending exceeds revenue – that's a deficit! To pay for the spending, the government has to borrow money. That's when it has debts. Usually governments in advanced economies issue bonds, known as 'gilts', to raise money – but they have to pay interest on what they have borrowed, of course!

MAJED: OK, thanks. Now I understand, but can you give me an example of countries with large debts?

EVIE: Absolutely. Let's talk about deficits first. Erm ... consider the European Union. It has regulations that the budget deficits of the member countries should not exceed, I think, about -3%. Now, that's the approved or accepted deficit! But a strong economy will have a smaller deficit ...

LEILA: Sorry, but who are we talking about exactly?

EVIE: Well, Germany, for example, had a budget deficit of only -0.1% in 2008, but Britain's was about -5.5%. In 2009, Britain's budget deficit had increased to -11.5% and even Germany's had increased to -4.6%.

JACK: So, if the deficit increases, then borrowing increases to enable the government to fulfil its spending commitments.

LEILA: Yes, exactly. Or the government cuts back on its spending commitments.

EVIE: Yes, but reducing the amount of debt is a complex process. We must think about macroeconomies in a global financial environment. But earlier, Majed asked for examples – well, in Europe, Portugal, Ireland, Greece, Spain and Italy have high levels of debt, but the problem is how to help such countries to make real reductions.

LECTURER: Well done, everyone! I think we've really made a lot of progress!

Unit 9, Lesson 2, Exercise B 2.6

Part 1

Good morning, everyone. Today's lecture provides a general background to welfare economics and a more specific example of health care. First of all, my lecture involves an examination of a number of important principles in welfare economics. This is the branch of economics which considers how efficiently the economy works to manage its resources. Then I will concentrate on the economics of health care itself. As we shall see, welfare economics cannot simply be based on supply and demand. And health care most definitely cannot be based on supply and demand! Welfare economics must also consider equity and efficiency. For the moment, you can think of equity as 'fairness', but we will look at the definitions of these soon.

Right ... so our starting point is to think of health care as one important area of welfare economics. Increasingly, we find that the health of their citizens represents a major priority for governments in different ways. We can think of health and health care in two ways. Firstly, responding to illness and disease with medicine, treatments, hospitals and so on. Secondly, we should think of health care as dealing with the prevention of disease, providing health education and helping people to stay healthy. Moreover, we must remember that health is not only about *physical* health, but also about *mental* well-being. Research has shown that someone who is physically healthy but unemployed can easily suffer with mental health problems. So welfare resources must be available to help different groups of needy people. And, of course, that means money! So, governments need revenue from taxes and so on for health expenditure. But they must distribute resources equitably, that is to say, fairly, according to the needs of the people and also

according to efficiency criteria. More on this in a moment!

But before we begin, I have a little story to tell you. About 20 years ago, I was working in a developing country. I won't say which one! Basic health care was provided for the people by government hospitals, but there were also a few private hospitals. These were better equipped, with many doctors who had trained abroad. Treatment was better, but quite expensive by local standards. Well, I fell and cut my knee quite badly when I was jogging. So after cleaning the injury at home, I thought it was best to go to the nearest hospital, the private one. When I arrived at just before six in the evening, there was a crowd of people outside the gates but the hospital was closed. People were not happy as they wanted treatment but the gates were closed. There was also a guard with a big stick who was keeping everyone, including me, back. My knee was obviously injured and covered in blood, but there was nothing I could do. So, I just went home, and hoped for the best! The next day I went to the government hospital where I got treatment quickly and cheaply.

Of course, the point of that story was that it illustrates basic principles of supply and demand – and to some extent of equity and efficiency. Let's analyze this from the perspective of economics. The private hospital decided to close at 5.30 every evening, even if there was demand for the services. In terms of allocation of resources, the government provided the *public* sector hospital. Moreover, that evening, when I tried to get treatment at the private hospital, the government hospital had probably been open. So, it could be argued that the government had, in fact, provided a system which was equitable and efficient! The government knew that the private sector hospital could fill in some gaps and so the government could concentrate its spending on the majority of the people who needed cheaper treatment. The private sector hospital, however, was allowed to make its own rules, fix the fees, doctors' salaries and ... yes, opening times!

So, to get back to the main topic of the lecture, the next part examines how most advanced economies establish social norms. This means the way society arrives at those standards and values which most people can accept. To begin with, you already know the economic concept of 'utility'. You probably associate it with the idea of a person's well-being or satisfaction, but analyzed from an economic point of view. In welfare economics, we should think of the wider concept of relative utility.

So, I will mention three aspects of relative utility to help you understand better. Firstly, relative utility is how economists explain the way that society compares or values various factors. Secondly, relative utility involves comparing how one person's or group's happiness or satisfaction or priorities compare with another person's or group's. Thirdly, it involves social values and how social norms are established. So, just to repeat the three aspects – we have the economist's viewpoint, the social comparison and the establishment of social norms.

If we move on now to an illustration of establishing norms. Think about how society values a person's job and what his or her salary level is. In most societies, for example, a doctor's job is valued higher than a cleaner's. The doctor, who has a higher salary, can buy more, and has more opportunities, economically speaking, than the cleaner. But he or she may also have a lot of stress and responsibility that the cleaner does not have. This can all be calculated – again, economically speaking – as part of the doctor's utility. To maintain such relative norms, a free market society, or a government, usually has a lot of mechanisms. For example, the government determines the level of salaries people receive in the public sector and the tax someone pays. With this money, the government tries to meet the health care priorities for the country and decides how much of GDP is spent on health care, compared with other priorities. This is where the concept of equity, or fairness, is important and especially in health care.

In most advanced economies, the government has revenue from taxes and special health insurance contributions to establish a public sector health system. It's true to say that many developing countries often set up a private health care system in parallel with the state system, but today I'm not going to talk about health care in the developing world. From the point of view of welfare economics, it is advisable to use advanced economies as examples, not because they are necessarily better, but because health care expenditure is usually sustainable there. So it should be clear that we are really talking about the relative importance of health care applied to developed economies.

Unit 9, Lesson 2, Exercise C 2.7

Part 2

Now, let's return to welfare economics. To begin with, I said earlier that we need to define some important terms to help us understand the

allocation and distribution of resources. There are, in fact, six definitions we need to focus on. I will say them slowly. Firstly, we must define equity, where we have two types, so two definitions; then we need a definition of discrimination. Next we have efficiency, and finally utility, which I have already mentioned. So, that's five altogether. In addition, there's a sixth definition which I will give you at the end of this part of the lecture.

Firstly, let's define equity itself. By the way, you may have met this word in another financial context, related to businesses and their capital status. Here, in welfare economics, we define it in a different way to mean 'fairness'. In other words, it means giving people a fair chance in education, health care, employment opportunities and so on.

Let's turn now to the two concepts of equity in welfare economics – horizontal and vertical equity and their definitions. Well, according to the first type of equity, a society considers everyone to be equal. In such situations, everyone receives equal treatment in all ways.

The second definition relates to vertical equity and I will discuss it more in a moment. But, basically, it means that resources are distributed according to needs and priorities in society.

Now, with the concept of horizontal equity, we can see a few problems. Firstly, horizontal equity means there would be no forms of discrimination – definition number three. Discrimination is when people are at a disadvantage because of their race, age, ethnic origin, social class or gender. So, without discrimination, everyone would be considered socially and economically equal. You may think that is very unrealistic. Well, it probably is, but centralized economies, such as those in communist countries, wanted to give everyone equal access to health care, education, and welfare payments such as sickness benefit or state pensions when people retired. But it doesn't really work.

Why doesn't horizontal equity work? Well, basically, market forces determine supply and demand – or S&D, as we say – in a free market or free enterprise economy as opposed to a centralized economy. Free markets try to provide incentives, encourage initiative, growth and expansion and make people self-reliant. That means that people are not so dependent on the state.

So most free market economies accept that vertical equity is a more workable principle. Now, when we look at this second form of equity, we can identify the differences. Vertical equity means

that society recognizes and accepts differences, but tries to reduce the implications of those differences. Vertical equity involves an equitable allocation of resources, but this should also mean efficiency, which is our fourth definition. Efficiency or efficient allocation relates to how members of that society value the distribution.

This leads us to definition number five. When people in society value something, this value is designated 'utility' as I mentioned before. But remember, we are talking about relative utility, that is how one person's happiness or satisfaction – or how important they think something is – compares with another person's. People will value things differently, especially in free market economies.

Now, you don't need to take notes on this part, but I hope it helps you to understand the concepts better. Let's say that country X has a big problem with kidney disease. Now, there are a number of ways to treat patients with kidney problems. You can use drugs, because relatively cheap forms of medication are available. The second option is dialysis, that's spelt D-I-A-L-Y-S-I-S. Dialysis involves installing expensive machines in hospitals which function – temporarily, of course – like the person's kidneys and, to express it simply, wash the patient's blood. Now, this second option is much more expensive. Moreover, patients have to travel to the hospital and stay there for several hours. So the patient who is rich and lives in the city, where the hospital probably is, has a higher relative utility from this treatment than the poor person who has to travel a long distance to the city from a rural area. For the poor person, the provision of inexpensive drugs would bring a higher utility, but a dialysis machine shows the country has high-tech treatments. I hope this explanation helps a little?

Well, let's take another example ... by the way, I think you should take a few notes here. Let's say some people are dissatisfied with the national health service. So, they start using private hospitals and health care, which they must, of course, pay for! If this happens in the UK, where there is a national health service, the government has some choices to make, according to the principles of equity and efficiency. The government may decide to reduce the allocation to the state system because they can see that there are fewer patients who are using the system. That would seem to be efficient. But it is also possible that the expenditure on health will be sustained. Why would that happen? Well, the answer is that even the people who are dissatisfied with the system have already paid taxes and contributions for state health care. They can't avoid paying them, so their

contributions support the health care provisions generally. Perhaps they even enable some redistribution within the system.

To some extent, this form of vertical equity is accepted, but it is not always welcomed! For example, as many of you know, President Obama attempted a major reform of the American health care system in 2010, but this was opposed quite strongly by a lot of Americans for a variety of reasons. You may want to do some research on that. I'll provide a couple of references later.

Now, where was I? Oh, yes, I was talking about how important it is for governments to assess allocations and make judgements about relative utility. Moreover, they must decide to what extent they should intervene to regulate competitiveness, for example between government departments, to show that they are reducing costs or providing better service. So, here's our final definition. It's a bit complicated, so listen carefully! In 1909, a very important economic measure or principle called *Pareto efficiency* was developed by Vilfredo Pareto, an influential Italian economist. His name is spelt V-I-L-F-R-E-D-O P-A-R-E-T-O, but you only really need to remember Pareto! The definition states that an allocation of resources is Pareto-efficient if it is impossible to move to any other allocation which would make *some* people receive more, but where *nobody* receives less. I will expect you to read up on this concept, and find the diagrams which illustrate it so you can apply it and identify any limitations.

Unit 9, Lesson 2, Exercise D 2.8

- 1 As we shall see, welfare economics cannot simply be based on supply and demand.
- 2 Increasingly, we find that the health of their citizens represents a major priority for governments in different ways.
- 3 Research has shown that someone who is physically healthy but unemployed can easily suffer with mental health problems.
- 4 In terms of allocation of resources, the government provided the *public* sector hospital.
- 5 So, it could be argued that the government had, in fact, provided a system which was equitable and efficient!
- 6 It's true to say that many developing countries often set up a private health care system in parallel with the state system ...

- 7 From the point of view of welfare economics, it is advisable to use advanced economies as examples ...
- 8 So it should be clear that we are really talking about the relative importance of health care applied to developed economies.

Unit 9, Lesson 3, Exercise A 🎧 2.9

- 1 'principle, 'benefit, *ex'penditure*, 'welfare, 'revenue
- 2 free 'market, '*enterprise economy*, 'workable principle, major re'form
- 3 welfare eco'nomics, relative u'tility, '*salary level*, efficient allo'cation
- 4 auto'matically, '*obviously*, eco'nomically, in'creasingly, e'fficiently

Unit 9, Lesson 3, Exercise C 🎧 2.10

Part 3

In any discussion of welfare economics, the topic of redistribution is linked to fairness. This is then linked to the concept of efficiency. But how realistic is this concept anyway? Let's take a hospital, for example. The management team wants it to be efficient. It wants to allocate resources well. It wants to avoid waste in every possible way. So, it works out its efficiency model. Many economists call this an allocative model. In other words, economists argue that if the hospital provides the right resources, it will achieve efficiency and, in the case of a company, maximum profit. However, we know that hospitals and companies are really composed of the people who work there. These people or members of their families have problems such as illnesses. They come to work late. They do not feel motivated and perhaps do not work efficiently themselves! So, do you see the problem? The resources may be efficiently managed, but there are many flaws in the system. I think Krugman and Wells summarized the problem extremely well. This quotation comes from one of your core texts, *Microeconomics*. The second edition was published in 2008. Writing about governments, on page 15, they say, '... there is typically a trade-off between equity and efficiency: policies that promote equity often come at a decreased efficiency in the economy, and vice versa'. Governments have to keep that in mind when providing health care.

In health care economics, a very useful example of this 'trade-off' is the provision of medications

or drugs. Many pharmaceutical companies make large profits by manufacturing, for example, heart disease drugs, diabetes management, and cancer management and treatment. Now, this raises three issues in the equity versus efficiency debate. Firstly, the profit motive. The companies do not provide these drugs at the lowest possible price. They are commercial enterprises and want to maximize profits. Secondly, their R&D, or research and development, costs have probably been quite high. So, a government health service must pay the companies for the drugs for the patients. And thirdly, the actual cost of treatment. In some cases, for example, cancer treatment, drugs can cost £30–40,000 a year per person. Many heart diseases can be controlled by expensive drugs to ensure a more or less normal life for the person. But you can see where the equity:efficiency debate is going, can't you? It is really a question of 'entitlement' against 'cost'. In simple terms, the person says, 'I am entitled to this treatment. That is the system of a national health service which I have contributed to.' The health care providers say, 'But we can't give everybody the best treatment because it is so expensive. We must be selective.' Now, as John Weeks argued, as long ago as 1971, in an important article in the journal, *Review of Radical Political Economics*, called 'Political Economy and the Politics of Economists', economics does not focus enough on *inequality*. It focuses too much on the positive side – utility, maximization, continued growth, increased consumption and so on. So how do the health care providers solve the problem of inequality?

By the way, I see that some of you are using the Cornell note-taking system. That's very good. Do you all know about this? No? Right, well, if you want to know more about it, I suggest you look at *How to Study in College* by Walter Pauk and Ross Owens, the 10th edition, which was published in 2010. It's very good, and it should be in the university library. I'm sure that you all know the importance of taking good notes – and this system is particularly useful.

Anyway, let's get back to our main topic. The influence of Weeks can be seen in the numerous strategies which health authorities use to balance efficiency and equity. They have five points to consider. So, let's look at them in turn. The five points are: firstly, redistribution; secondly, entitlement; thirdly, equality; fourthly, priority; and finally, standards.

I will go through these slowly. Firstly, redistribution is a simple starting point. Rich people must pay more taxes to pay for their own

and poor people's health care. Now, the second idea relates to entitlement. Is a rich person only entitled to the same care and treatment as the poorer person? Or the same drugs? If he or she wants something more than the national health service, that is, private health care, the rich person has to pay again! So when does fairness become unfair? This brings us to point three – equality. For example, should people receive the same treatment for the same disease, no matter what their age is or their status in society? Should everybody have the same level of access to all health services? Point four relates to priority and highlights another debate. For example, if someone needs a non-emergency operation, should they simply wait their turn, or should a policeman, soldier, social worker or a doctor have priority over a factory worker or a labourer or an unemployed person? Our fifth consideration is standards. Well, you might think that it should be the best possible care for everyone. But we have another dilemma. For example, many patients will never recover from their disease or illness, but they may live for a long time. What standards or levels of care or medication should they receive? The very best? The most expensive? Or something less than that? These issues are difficult and they are real. Earlier in the lecture, I mentioned the word *discrimination*, and I hope that this brief examination has shown you how discrimination can occur in health care.

In this final section of the lecture, I will give you a useful approach to the analysis of health care. You will be asked to do a research task on different systems around the world to observe some crucial differences between them.

So let's think about our analysis. Here we also have five ideas or criteria. So to make it easier for you to take notes, organize the information under five headings: firstly, funding – how the government gets money to provide health care. Secondly, coverage. That means who is covered and who is not covered by the system, also the extent of their cover. Thirdly, welfare. Here, I mean questions such as how much help is given by the government to needy people – for example, the elderly, disabled, unemployed, low-income groups and so on? Fourthly, priorities. For example, in staffing, the doctors are arguably the most important group of staff in the system, but what about other staff? And, another example, do you remember the care versus prevention discussion? Which is the higher priority? Finally, criteria number five, we should mention the facilities which are provided in the

health care system. When you do the research task, you will be able to evaluate what priorities have been set by different countries and how allocation of resources varies. But it is not easy for governments. For example, the absence of universal health coverage in the USA is, to quote Karen Davis from an influential article she wrote in 2001 in the *Journal of Urban Health*, '... one of the great unsolved problems facing the United States at the onset of the 21st century.'

Well, I think that's enough background on welfare economics and some of the theories. However, as I have tried to emphasize, this is a human issue as well as an economic one. So, it is important for you to see in practice how governments set health care priorities. So, in the next tutorial, we will consider the national systems you have researched. I will provide you with some information and you can research these more. You should work in groups and report back on your findings.

Unit 9, Lesson 3, Exercise D 2.11

Extract 1

I think Krugman and Wells summarized the problem extremely well. This quotation comes from one of your core texts, *Microeconomics*. The second edition was published in 2008. Writing about governments, on page 15, they say, '... there is typically a trade-off between equity and efficiency: policies that promote equity often come at a decreased efficiency in the economy, and vice versa'.

Extract 2

Now, as John Weeks argued, as long ago as 1971, in an important article in the journal, *Review of Radical Political Economics*, called 'Political Economy and the Politics of Economists', economics does not focus enough on *inequality*. It focuses too much on the positive side – utility, maximization, continued growth, increased consumption and so on.

Extract 3

By the way, I see that some of you are using the Cornell note-taking system. That's very good. Do you all know about this? No? Right, well, if you want to know more about it, I suggest you look at *How to Study in College* by Walter Pauk and Ross Owens, the 10th edition, which was published in 2010. It's very good, and it should be in the university library.

Extract 4

For example, the absence of universal health coverage in the USA is, to quote Karen Davis from an influential article she wrote in 2001 in the *Journal of Urban Health*, '... one of the great unsolved problems facing the United States at the onset of the 21st century.'

Unit 9, Lesson 4, Exercise C 🎧 2.12**Extract 1**

It's clear that health care is an area where the government needs to be as fair as possible. I think we all accept that horizontal equity is a good idea, but is really unworkable in practice. So, in fact, we should look at the three basic advantages of equitable allocation of resources rather than just allocative efficiency. Firstly, it tries to avoid discrimination in access to health care; secondly, it is based on redistribution as a realistic policy; and thirdly, it is politically acceptable.

Extract 2

Well ... erm, I think equity is obviously important. Yes, it's very important. Erm ... it's possible ... er ... you can see that there is no real fairness in health. It's obvious. You can see from the diagram that ... oh, sorry, that's the wrong diagram ... er, just a minute ... right, so you can see that the ... erm ... figures are different between the countries ... er ... you can see this difference which the WHI, that's the World Health Institute, ... no, sorry, I mean the WHO, the World Health Organization ... Erm ... anyway, the WHO says that health care is a global problem.

Extract 3

Everybody has the right to good health. That's a basic humanitarian principle. But many countries are so poor that people can't get proper treatment because the health system is underdeveloped or resources are badly allocated. The richer countries should give more in development aid so the poorer countries can improve their health infrastructure.

Extract 4

We need to ask the question, 'How does a country get the best possible and most equitable health care?' On the one hand, the government needs a healthy population but, on the other hand, the taxation and revenue systems must be fair. The government cannot expect people to pay a lot of tax and other charges for medications or treatment. For example, you can

see here the figures for health expenditure in Scandinavian countries, showing percentage of GDP and spend per capita. They have a very good reputation for health care, but their taxation levels are very high. I don't think that every country wants to accept the same sort of relationship between high taxation and very large health and welfare costs.

Unit 11, Lesson 1, Exercise D 🎧 2.13

According to Wheaton, Schauer and Galli, 2010, who are international migration specialists, trafficking in human beings for labour purposes is predicted to expand dramatically over the next ten years. Moreover, these and other crime experts claim that '... it will surpass the illegal drugs and arms trade in frequency, human costs and profitability to criminals'. Since poverty is increasing in West and North Africa, workers from poorer countries, for example, men from there and women from Eastern Europe, are most vulnerable to this form of modern slavery.

It may seem inappropriate to see this inhuman practice as an economic factor but, sadly, trafficking is an unlawful example of what the authors claim is 'a monopolistically competitive business'. Firstly, traffickers act as middlemen in the market for human beings between the would-be workers and the employers who will exploit their labour illegally. Secondly, these intermediaries take advantage of victims' economic necessity to migrate. Thirdly, traffickers use basic principles of supply and demand to provide illegal workers because they want to maximize profits for their investments. Finally, traffickers can usually control market prices for their human 'products'. In addition, corruption in government, immigration and police services facilitates the exploitation. According to US government sources, around 600–800,000 people are trafficked into the USA every year. Another point is that figures are difficult to estimate because victims are reluctant to give details so, unfortunately, the organizers are rarely caught. As a result, such activities are very difficult to monitor and prevent.

Unit 11, Lesson 2, Exercise B 🎧 2.14**Part 1**

Good morning. My name is Dr Richard Parks and I'm an economic consultant for the private and public sectors. It's a pleasure to be here today. I am going to try to outline some of the major

factors which will influence the labour markets over the next few decades; that is to say, I shall mainly be looking at how the world economy can recover and grow by using its human resources most efficiently.

Don't misunderstand me. I don't want to imply that labour has not been used efficiently over the past 50 years. In fact, industry and services have adapted and reshaped themselves many times during this period, especially through advances in technology. But as a consequence of the global financial crisis after 2008, labour market factors have gained in importance as economists plan ahead. To some degree, individual countries will be affected differently, but it is fair to say that the factors I am going to talk about will influence policies and politics worldwide. Not only that, but the pressure on the world's labour markets will encourage more cooperation between nations and force countries to revise their ideas about competition, trade and the environment.

So, in an attempt to provide you with an overview of global labour market issues, I am going to talk about three major areas. There are, in fact, six in total but I think it is best to leave three other important factors – wages, technological development and the environment – until later in your course. So, we are going to concentrate on three. Firstly, population or demographic structure, especially the challenges facing many countries about the age of their working populations. Secondly, I will discuss migration from various perspectives. Thirdly, I will talk about patterns of employment, using the UK as an example.

Unit 11, Lesson 2, Exercise C 2.15

Part 2

So, to start with, then: what are the key demographic elements and how do they impact on the labour market?

This is a complex issue, so let's take a few simple examples. I'll talk first about population growth. Many of the fastest-growing populations are in the poorest countries in Africa where infant mortality is high. As a result, families have many children to make sure some survive. A few examples here are Burundi, Niger, Liberia, the Central African Republic and others, all with a growth rate of around 4% per annum. But there is also rapid growth in Asia, for example in Pakistan, Bangladesh and Afghanistan. Many of these countries are trying to recover from years of civil

war or face other conflicts and challenges, notably climate change.

Interestingly, there is an opposite demographic development, a decline in population in some countries. Many Eastern European countries such as Ukraine, Moldova, Romania, Poland, Croatia and others, for example, have a negative population growth rate for a number of reasons.

Let's now consider another aspect – the average age of a population. Firstly, we have ageing populations in many advanced economies. This is a problem because there are fewer people in the labour market and the elderly make strong demands on the health and welfare services of a country. Mortality rates are lower than even 20 years ago because of better medical care and some lifestyle improvements. Therefore, life expectancy is higher. Japan, Australia, Switzerland, Canada, France, Italy, Norway, Spain and several others have life expectancies of over 80 years old! Several others, including Britain, will reach this figure in the next few years. Another age indicator is presented by measuring the proportion of the population over 60 years old. In this category, Japan, Italy, Germany, Sweden and Greece have approximately 25% of their population over that age. If a country has a high percentage of people who are too old to work and will probably live until they are 85 or 90, expenditure on medical care, special housing needs and pensions becomes a problem.

But, of course, countries with a low average age also pose a problem economically, for different reasons. The lowest life expectancy is to be found in Africa, with several countries around the 40–45 year-old mark which puts a strain on the labour force. Even South Africa has a figure of only around 45 years old! Just to make the problem in Africa more acute, the continent contains the top ten countries with more than 40% of the population between the ages of 0 and 14. Understandably, economists are pessimistic about problems related to such young populations. They have high demands on education and health care, but limited employment prospects and so contribute little to national revenue.

So, most people say that the advanced economies and the developing economies really have to find solutions to deal with this age factor. The evidence shows that it certainly won't be easy, particularly for the young, emerging economies. However, I tend to agree with one influential writer, Phil Mullan, a social economist, who expresses doubts about the economic threats associated with ageing

populations. Briefly, he explains how ageing is not the dramatic 'time-bomb' it has been labelled as. In his extremely interesting book, *The Imaginary Time-Bomb: Why an Ageing Population is Not a Social Problem*, written in 2002, he claims this demographic development is not presented as a social benefit but as a burden for the future. He, for one, has no doubt that a deeper examination of the issue from a more optimistic perspective will, quite rightly, enable economies to maximize human resources of all ages.

The second main area of focus in my lecture is migration. I will focus on three main aspects – political issues, economic migration and the conflict between economic necessity and public opinion. Firstly, there is a clear overlap between politics and decisions on migration, to the extent that sometimes political decisions take priority over economic reality. For example, most Western European countries have imposed limits on immigrants from outside the EU. However, they still allow free movement within the EU for all citizens. Another example ... the USA spends billions of dollars each year on preventing illegal immigration, especially from Mexico, but historically it has been the number one destination for migrants.

The second aspect relates to so-called economic migration. Understandably, many people are willing to leave their homes and families to find a better future elsewhere. However, there are many curbs and restrictions on movements of people. Moreover, migration is not only difficult, but it can also be dangerous. Thousands of would-be migrants die each year trying to enter Italy or Spain from North Africa. Several million workers are trafficked illegally every year, sometimes with tragic consequences, as happened in England in 2004. Yet many states, especially in the Middle East, rely on large numbers of temporary workers to support their economies. The International Organization for Migration, or IOM, is the agency which looks at global patterns, mainly to protect migrants against exploitation. The IOM states that, worldwide, there are 214 million international migrants. In 2009, these migrants sent home money, called remittances, to the value of an estimated \$414 billion! The IOM also calculates that there are over 27 million people who are displaced internally. The IOM reports give a very good description of the complex issues related to migration and its economic implications.

The third aspect of migration relates to the conflict between economic necessity and public opinion. In Europe and Britain, for example, why

do many people and politicians see immigration as a sensitive issue? Generally speaking, British people want curbs on immigration, but don't always consider the economic realities. Some of these relate to the patterns of work, which I'll talk about in a minute. Some people in Britain say that migration is a threat to jobs in the UK. About 1 million people came to the UK from so-called A8 Eastern Europe, the most recent group to join the EU, between 2004 and 2009. Most of these migrants came from Poland. The evidence shows that the impact of such an inflow of new workers is especially positive with respect to sustaining a growing economy. However, if the economy declines, as happened in 2009 in the UK, people return home. A report published in 2010 by the UK Office for National Statistics, or ONS, demonstrates that migration can be short term. This report shows that A8 departures exceeded arrivals in 2009. There are a number of reasons for this reversal. Jobs that Polish workers were happy to take perhaps no longer exist. The other possibility is that, in a recession, British people began to accept jobs that they refused earlier because no other options were available. The Polish economy also improved during this period. Nevertheless, UK government politicians had no doubt that net immigration was still too high. So, as we can see, the effect of politics and public opinion on an economic issue can be quite important.

Now, let's turn to the third main topic of my lecture, the pattern of work, and here I will again use the UK as an example, focusing on industry and agricultural sectors. Historically speaking, since the mid-18th century, the UK economy has been based on the manufacturing sector. But in 2004, only about 12% of the workforce were in the manufacturing sector. By 2009, this had declined further to around 10.7% of workers actively engaged in production. Obviously, there are other employees in factories and workshops who assist the manufacturing process. So, in total, around 18% of the UK workforce make things! In agriculture, only around 1% of the working population are directly engaged in farming, either as skilled workers or as labourers. This means that the vast majority of workers are in different occupations which are sometimes classified together as 'services'. Compare that with other EU countries, where agriculture is a much more important employment sector. For example, in Poland, about 15% of the population is employed in farming, while in Romania the figure is over 23%. So, such differences can cause problems as

employment priorities will be different across the EU, for example. But when you compare that with developing countries such as Thailand where the figure is over 40%, or China, where probably around 40–45% of the population still work in agriculture, you can understand how labour market patterns are important.

So, the pattern of work is changing, in the UK and elsewhere. But how can the global economy make sure that the balance in the labour market is efficient and sustainable? Now, I'm going to stop at this point, but I'd just like to tell you about an interesting website where you can really research population statistics. The US Census Bureau's International Data Base gives you a chance to create your own population growth profiles and compare across countries and time periods. The URL is:
www.census.gov/ipc/

It is well worth a look!

Unit 11, Lesson 2, Exercise F 2.16

So, most people say that the advanced economies and the developing economies really have to find solutions to deal with this age factor. The evidence shows that it certainly won't be easy, particularly for the young, emerging economies. However, I tend to agree with one influential writer, Phil Mullan, a social economist, who expresses doubts about the economic threats associated with ageing populations. Briefly, he explains how ageing is not the dramatic 'time-bomb' it has been labelled as. In his extremely interesting book, *The Imaginary Time-Bomb: Why an Ageing Population is not a Social Problem*, written in 2002, he claims this demographic development is not presented as a social benefit but as a burden for the future. He, for one, has no doubt that a deeper examination of the issue from a more optimistic perspective will, quite rightly, enable economies to maximize human resources of all ages.

Unit 11, Lesson 2, Exercise G 2.17

Extract 1

I am going to try to outline some of the major factors which will influence the labour markets over the next few decades; that is to say, I shall mainly be looking at how the world economy can recover and grow by using its human resources most efficiently.

Extract 2

Don't misunderstand me. I don't want to imply that labour has not been used efficiently over the past 50 years.

Extract 3

To some degree, individual countries will be affected differently ...

Extract 4

... but it is fair to say that the factors I am going to talk about will influence policies and politics worldwide.

Extract 5

Not only that, but the pressure on the world's labour markets will encourage more cooperation between nations and force countries to revise their ideas about competition, trade and the environment.

Extract 6

So, in an attempt to provide you with an overview of global labour market issues, I am going to talk about three major areas.

Extract 7

Briefly, he explains how ageing is not the dramatic 'time-bomb' that it has been labelled as.

Extract 8

Firstly, there is a clear overlap between politics and decisions on migration, to the extent that sometimes political decisions take priority over economic reality.

Extract 9

The IOM reports give a very good description of the complex issues related to migration and its economic implications.

Extract 10

The evidence shows that the impact of such an inflow of new workers is especially positive with respect to sustaining a growing economy.

Extract 11

A report published in 2010 by the UK Office for National Statistics, or ONS, demonstrates that migration can be short term.

Extract 12

Nevertheless, UK government politicians had no doubt that net immigration was still too high.

Unit 11, Lesson 3, Exercise A 🎧 2.18

con,sumer 'power
 eco,nomic justifi'cation
 e,merging e'conomies
 environ,mental 'issues
 ,government 'revenue
 in,ternal mi'gration
 'labour ,shortages
 ,media a'ttention
 occu,pational 'pensions
 po,litical moti'vation
 re'tirement ,age
 welfare ,services

Unit 11, Lesson 3, Exercise B 🎧 2.19**Part 3**

In this part of the lecture, I want to outline the debate on ageing populations in the developed economies. Secondly, I will present a brief overview of how China's labour markets might develop over the next decade and what this might mean for China's future status.

Now, as I mentioned earlier, an ageing population presents a major problem for many governments, especially in the developed economies. It is mainly seen as a revenue issue. That is to say, how will governments pay for larger, healthier populations that are likely to live longer and, quite rightly, have expectations of a decent and worthwhile life? The real question about ageing populations is: can governments find acceptable political and economic solutions to the issue? Well, it's quite clear that a solution based only on economic considerations will definitely not be popular. Research in several countries has concluded that people would like to retire early and enjoy a long retirement with a good state pension! But, some government economists claim that as people are healthier, they should work longer and retire later, at the age of 67, for example. Well, I'm afraid that just isn't acceptable, as state pensions are already quite low and work stress increases as people get older. The evidence lies in the fact that people who have worked in stressful jobs do not live so long after retirement anyway.

Now, one solution might be for people who are in work to pay higher contributions for their welfare services, for their own pensions and to pay

more tax. It is sometimes argued that this is the best option. But people must be motivated to continue in work, so governments cannot take too many chances. If workers accept this, it could generate sufficient government revenue.

As another option, government could restrict pay increases and make many jobs part-time, temporary or only paid at minimum wage levels. Well, that's not going to be popular, is it?

Finally, a combination of all the solutions might work – later retirement, limited state pensions, higher pension contributions and higher taxes! Not very popular, I'm sure you'd agree? Well, all things considered, this is, in my opinion, the most likely choice of strategy in Western Europe at least. But critics of the strategy say it is based more on political motivation than economic justification.

Now, let's consider my second topic which presents a quite different economic perspective. This is the issue of the impact on global labour markets of the rapidly expanding new economies. Cheap labour has been their key to success over the past 20 years. China has benefitted from internal migration and labour laws which strengthened the government's position. But things are changing. For example, the Chinese authorities have to face a number of environmental issues. You might remember how the Beijing Olympic Games in 2008 made the Chinese authorities very aware of environmental concerns. Moreover, the government has to accept greater accountability and more open debate. China participates in big economic conferences, and discusses world trade issues and labour laws. It has clearly started to accept its status as a 'global economic player'. This has benefitted the workers in China, where, for example, a new law which is more favourable to workers was introduced in 2008. As an indication of changing patterns of work-related behaviour, some strikes and protests have even been registered over the past few years. These attracted global media attention and China is aware that the world is watching carefully! Moreover, it may sound strange, but there is even a shortage of workers in some areas of China. It is true that workers' wages have increased steadily, but they are still way below OECD levels. It is argued that giving China's workers more consumer power will be a key factor in global economic recovery and growth. But this will not be easy. One writer in *The Economist* magazine, July 29th, 2010, has no doubt that China's labour market needs to change. I quote: '... as it runs dry of crude labour, China will have to increase its supply of skilled workers. That will require a stable workforce that

stays with its employers long enough to be worth investing in'. In similar fashion, the older economies, such as the USA, Germany, UK and Japan will also have to raise skill levels or they will see emerging economies moving ahead with even more determination and success.

Now, I'm going to set you a task which will involve investigating some of the points I've raised. I want you to do some research into some of the challenges facing the new economies, other than China. So, here, we might consider, for example, India, Brazil, Vietnam, Venezuela, South Africa, Indonesia, Thailand or Singapore to name several possible choices. I want you to focus firstly on demographic issues – population growth, migration, mortality rates, etc. Secondly, I'd like you to consider economic indicators related to growth – employment sectors, the role of agriculture, unemployment, etc., some of which we have heard about with reference to China. This is quite a challenging research task. Later in the course, you will be asked to include environmental issues in your analysis but here you should concentrate on the demographic and economic factors, especially the labour market issues. Good luck!

Unit 11, Lesson 3, Exercise E 🎧 2.20

The real question about ageing populations is: can governments find acceptable political and economic solutions to the issue? Well, it's quite clear that a solution based only on economic considerations will definitely not be popular. Research in several countries has concluded that people would like to retire early and enjoy a long retirement with a good state pension! But some government economists claim that as people are healthier, they should work longer and retire later, at the age of 67, for example. Well, I'm afraid that just isn't acceptable, as state pensions are already quite low and work stress increases as people get older. The evidence lies in the fact that people who have worked in stressful jobs do not live so long after retirement anyway.

Unit 11, Lesson 4, Exercise E 🎧 2.21

Extract 1

MAJED: The lecturer we listened to last week introduced a number of interesting issues. In my part of the seminar, I would like to expand the topic by mentioning a number of factors related to workers' wages, especially in the advanced economies. We know that cheap labour has been a factor in emerging countries such as China, India,

Bangladesh or Vietnam. It's obvious that these populations depend to a large extent on mass-produced consumer items, such as clothes, shoes, some food products and so on. But, on the other hand, you might want to say that it has also affected wages in the developed economies. I think it has exerted a downward pressure on wages there. This has kept wages low and has contributed to income inequality. If you add this factor to the ageing population scenario, you can see that the revenue issue which the lecturer talked about can't easily be solved. Not only do you have more people who live longer, you have more poor people who live longer!

Extract 2

EVIE: OK, following on from what Majed has just said, I'd like to start by mentioning another factor which relates to skills and trade. The lecturer said it is important for all countries to develop skilled workers. Yes, I agree. But, with the present trade competition regime, there is a difficulty. For example, you have a lot of skilled workers who manufacture skills-based products for export, like engineering or automotive products made in Germany. But there is a danger that unskilled workers in that country lose out! Their wages remain much lower than skilled workers' wages, which increases income inequality and poverty. That is true especially if there are cheap imports from countries with a lot of unskilled labour. So, to sum up, you can see that governments may have to pay more in welfare benefits, as well as equip the labour force with new skills.

Extract 3

JACK: Right. Thank you, Evie, that seems like a very interesting point you're making. But I'm going to expand the topic a bit by mentioning another important factor in globalized labour – technology. Every country tries to create a dominant market position and technology can be the key to success. Let me try and make this clearer with an example. Brazil has used technology to expand its agriculture to grow more sugar and soy beans than any other country. It has become the leading global producer of bioethanol, an important biofuel. Similarly, India has developed its own computer and telecommunications industries. The computers or mobile phones used by students in India are just as advanced as those from America, South-East Asia or Europe. The difference is that they were probably manufactured in the consumer's own country! Does anyone have any opinions on that or anything else to add?

Extract 4

LEILA: Yes, I think that what you have all said is quite correct, but I think we need a different viewpoint – the environmental impact of expansionary export strategies. To give an example, ... erm ... I'm sure you know that Vietnam exports a lot of prawns and other fish products to Western Europe. Many rivers and coastal regions have been transformed by this expansion and quite a lot of people have gained financially. But what about the increased water pollution from such intensive fish farming? What about the fact that these markets soon reach saturation point and many businesses fail? To carry on from this first point, I want secondly to emphasize that most of these emerging economies have had the advantage of labour force mobility. But this also creates many problems, especially for overcrowded urban areas and through depopulation of rural areas. I recently read Partha Dasgupta's book from 2007, *Economics: A Very Short Introduction*. It really opens your eyes to the conflicts between growth and the environment. Many economists argue that the environment should take priority over growth or expansion.

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Mark Roberts has over 20 years' experience in ELT, ESP, teacher training and ELT project management, working for the British Council in Yemen, Pakistan and Romania. He has also spent a number of years in Germany, working as a lecturer for English language foundation subjects, as a teacher in an English language programme for a major German bank, and as a high school teacher. Prior to his retirement, in 2009, he worked as a tutor for English for Academic Purposes at the Centre for English Language Education at the University of Nottingham, where he was active in course design, materials development and the application of new technology in language learning and teaching.



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