38 Indicators 1

A Finance and economics

Finance is:

- money provided or lent for a particular purpose.
- the management of money by countries, organizations or people.
- the study of money management.

High finance involves large amounts of money used by governments and large companies. A person's or organization's **finances** are the money they have and how it is managed, etc. The related adjective is **financial**.

Economics is:

- the study of how money works and is used.
- calculations of whether a particular activity will be profitable.

Related adjectives: a profitable activity is **economic**; an unprofitable one is **uneconomic**. If something is **economical**, it is cheap to buy, to use or to do. If not, it is **uneconomical**.

Economic indicators (see B, C and D below) are figures showing how well a country's **economy** (economic system) is working.

B Inflation and unemployment

Inflation is rising prices, and the rate at which they are rising is the **inflation rate**. The related adjective is **inflationary**.

The **unemployed** are people without jobs in a particular area, country, etc. The level of **unemployment** is the number of people without a job. Unemployed people are out of work, and are also referred to as **jobless** (adj.) or the jobless.

C Trade

The **balance of payments** is the difference between the money coming into a country and that going out. The **trade balance** is the difference between payments for **imports** (goods and services from abroad) and payments for **exports** (products and services sold abroad). When a country exports more than it imports, it has a **trade surplus**. When the opposite is the case, it has a **trade deficit**. The amount of this surplus or deficit is the **trade gap**.

D Growth and GDP

Economic output is the value of goods and services produced in a country or area. **Gross domestic product** or **GDP** is the value of all the goods and services produced in a particular country.

The size of an economy is also sometimes measured in terms of **gross national product** or **GNP**. This also includes payments from abroad, for example, from investments.

Growth is when output in the economy increases. The **growth rate** is the speed at which a company's economy grows and gets bigger.

C

38.1 Complete these sentences with expressions from A opposite.

1 Eating pasta, potatoes and rice rather than meat and fish is ....

2 Buying your food at a small local shop rather than at a big supermarket is ....

3 Someone who arranges multibillion-dollar loans to governments works in ....

4 Someone who is heavily in debt has problematic ....

5 If you obtain money for investment in a business project, you raise ....

6 Someone who teaches about trade between countries is a teacher of ....

7 Pig farming is at present unprofitable and ....

38.2 Complete what this reporter says about Paradiso's economy with expressions from B and C opposite.
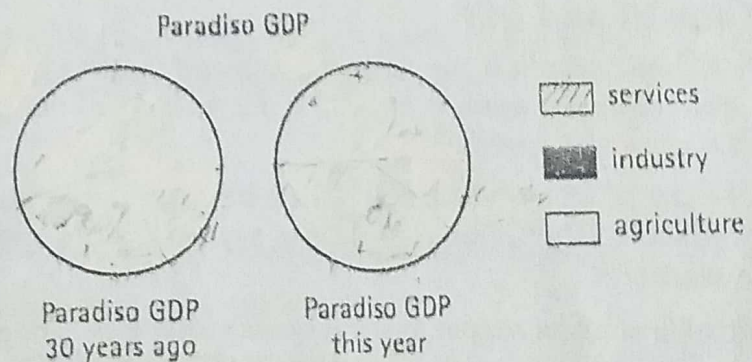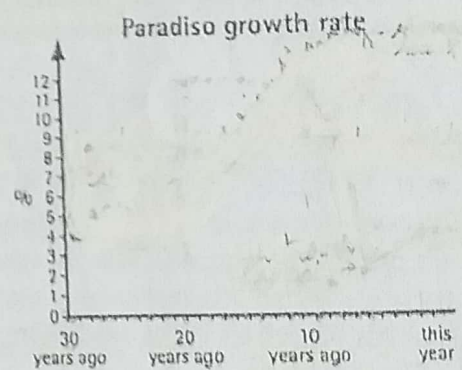
Paradiso's economic indicators are perfect. In the past, Paradiso imported more than it exported, and there was a (1) .... : this (2) .... was very worrying. Now the country exports a lot of computer equipment, but still imports most of its food: the value of (3) .... is more than the value of (4) .... so there is a (5) .... and the (6) .... is positive. Prices are rising very slowly: with an (7) .... of two per cent per year, (8) .... is under control. Of the working population, very few are (9) .... : only three per cent are (10) ..

38.3 Look at D opposite and complete the graph and the pie charts using the information below.

The growth rate in Paradiso was around four per cent a year for ten years. A period of very fast growth followed, with the growth rate reaching 12 per cent ten years later. Growth was nine per cent in the following three years, but fell to two per cent in the year after that. It then increased steadily to reach five per cent two years ago, and has stayed at that level.

30 years ago, GDP in Paradiso came 70 per cent from agriculture, 20 per cent from industry and 10 per cent from services. At that time, GDP was US$1,000 per person in terms of today's dollars.

Today, GDP per person is US$10,000, coming 50 per cent from industry, 40 per cent from services and 10 per cent from agriculture.

Paradiso growth rate

12
11
10
9
8
7
% 6
5
4
3
2
1
0

30 years ago — 20 years ago — 10 years ago — this year

Paradiso GDP

Paradiso GDP 30 years ago

Paradiso GDP this year

services
industry
agriculture

Over to you

What is the current economic situation of your country? In what ways is the government trying to influence it?