

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.

A company with money problems has **financial problems**.

High finance involves very 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 the way in which money works and how it is used.
- calculations of whether a particular business activity will be profitable or not. A profitable activity is **economic** and an unprofitable one is **uneconomic**.

A government with money problems has **economic problems**.

Do not confuse 'economic' with **economical**. If something is economical, it is cheap to buy, to use or to do. If not, it is **uneconomical**.

Economic indicators (see below) are figures relating to how well a country's **economy** – system of money, production, etc. – is working.

Note

You don't say 'I'm studying **economy**' but 'I'm studying **economics**'.

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** (adjective) or **the jobless**, especially by journalists. When there are not enough people available to work, there are **labour shortages**.

C

Trade

The **balance of payments** is the difference between the money coming into and going out of a country. 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**. If the trade gap gets bigger, it **widens**; if it gets smaller, it **narrows**.

Note

Nouns: **export, import**
Verbs: **export, import**

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. **GDP per capita** is the total output of a particular country divided by the number of people living there.

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 country's economy **grows** and gets bigger.