

WHAT'S NEW!

Communication Objectives:	Ss will be able to: - defend a point of view and correctly use transitive and intransitive verbs. - use economics-related vocabulary, phrases and idioms.			
Educational Objectives:	Ss will explore the impact of different economic indicators on the global economy.			
Connected Topics:	- Consumer spending - Unemployment - Agricultural subsidies - Internet economy - War and economic progress	- Fair trade and free trade - Oil and other commodities - Privatisation and nationalisation - Black market goods		
Grammar:	Transitive and intransitive verbs			
Key Vocabulary:	across the board assets black economy close a deal commodity concession	decrease v depression fair trade free trade free-market economy gross domestic product	gross national product inflation privatisation recession robust scrap	subsidy spawn v target transaction watchdog

***The BIG question:* DOES ECONOMICS REALLY AFFECT ME?**

This question deals with the distance that many people feel from the larger economic issues.

lower, and demand for products / commodities is often higher.

VIEWPOINT

Facts: The statistic on consumer spending shows how dependent the USA and the world economies are on US consumers' spending habits. Consumers in the US are spending more and more using consumer debt (credit cards and mortgages). Many economists worry that this level of consumer debt will lead to problems, as consumers may not be able to maintain this level of debt.

Quotes: Jay Leno is a popular late-night talk show host in the US with the long-running Tonight Show.

EQ: *Do you agree with the quote? Do we take unemployment rates seriously enough? Why do unemployment rates not have the same emotional impact as the effects of unemployment on individuals?*

1 WORD POWER

A asks students to use intransitive verbs in **Language Bank 7** to describe the graph in **Viewpoint**. In the economy, when the GDP is high, generally output is higher, unemployment is

1 WORD POWER A**Sample answers**

After 1980 growth declined / decreased / went down, but by 1985 GDP had gone up / increased again. / In the 1990s growth went down at first, then increased / went up around 1995. In the late 1990s growth increased sharply but dropped in 2000. After 2005 it stopped expanding until 2007.

B introduces new economics-related vocabulary that will be discussed in the unit and gives students practice in defending or rejecting the statements. Note: 'I can't accept that' and 'I think you might be mistaken' are most often used as interjections and should go at the beginning of the sentences.

1 WORD POWER B**Sample answers**

1 If you look at the facts, you can see that the bubble collapse DID affect the economy.
2 It seems clear that we DID have a recession from 1988–1991.
3 I think you might be mistaken. Commodities would NOT have sold better in 1991 than 1984.

4 Perhaps you are overlooking the fact that high growth that year would mean relatively low unemployment. Unemployment rates would probably have been highest in 1982.

5 I can't accept that. We do NOT see steady growth from 1990 to 1998.

C gives students an opportunity to discuss aspects of economics.

ARTICLES

Farm Subsidies Key as WTO Works on Trade Plan

This article discusses an important international trade issue: farm subsidies for farmers in developed countries. As much of the developing world relies on agriculture as a major source of employment and income, levels of poverty and development will not change significantly until the issue of subsidies is resolved. In the developing world, farmers can produce much more cheaply but they have no subsidies to help them.

EQ: *Will free trade solve all the problems in developing countries? Why do developed countries promote free trade but keep farm subsidies?*

Virtual World Grows Real Economy

As will be further discussed in Unit 12, playing games on line is increasing. Cheaper high-speed internet access means there are now a few dozen video games played by multiple players on different types of PC and gaming consoles. Computer industry analysts are predicting even more in future decades.

EQ: *Do you see Norrath as a real economy? Why / Why not? How do you feel knowing that Norrath as a virtual economy is wealthier than over a hundred other real countries?*

2 READING

2 READING A

Answers

A 1 Switzerland (get most) **2** European Union (37%) **3** United States (18%) **4** New Zealand (get least)

2 READING B, C

Answers

B 3

C 1 (Sample answers) Less competitive farmers in developed countries would want to keep farm subsidies, as without subsidies they could go out of business. Large agri-businesses receive much larger amounts of subsidies compared to small farmers, but these large-scale farming operations are also highly profitable. Farmers from developing countries would not have to compete against artificially low prices from developed countries and would earn more, and poverty levels would go down. US and EU food manufacturers would be likely to begin importing more commodities from developing countries, as these would be cheaper.

C 2 You can bring up the issue of both the real internet economy and the virtual economy in Everquest's Norrath. For virtual economies, discuss with students the importance that they place on entertainment activities like video games.

EQ: *How important are video games to you? Would you ever make real-life purchases to help you in a video game?*

C 3 It is a simple question of supply and demand. The 'platinum pieces' are in demand, and the good players are willing to supply these. This is what happens in real economies.

3 SPEAK YOUR MIND

This section covers: trends in the economy, effects of social or political developments in the world on the economy, tax and IT industry compared to agriculture.

A EQ: *Do you ever read the financial pages of a newspaper or watch reports about the economy on television?*

B EQ: *How has the 2004 Asian tsunami affected the economies of Asian countries? How has the Iraq war affected the world economy?*

C EQ: *Should everyone pay the same rate of tax?*

D EQ: *How have computers affected business? Do many people work in agriculture in your country?*

 **4 LISTEN**

DVD

The photo is of an American soldier in Iraq. You can try to get students to think about current conflicts around the world. The dichotomy is that industry usually benefits (military, oil, (re)construction), but war often has a financial impact on the ordinary people through destruction of buildings and infrastructure.

4 LISTEN B, C

Answers

B 1 S 2 C 3 N 4 S

C 1 Like a jolt / shock of electricity to get the economy started. **2** Women took on jobs in industry, but there were still labour shortages. **3** Not clear yet; it had a bad effect on the Iraqi economy and an impact on the price of oil (negative), and on consumer and business confidence.

5 TEAMWORK

For many students, pensions and retirement may not seem relevant to their daily lives. It will affect them, however, because when they start work they will have to pay for pensioners and towards their own pensions when they retire. Many of the options in the activity would have a direct effect on students and their lives; for example, cuts in education or healthcare, and people having to retire later.

6 CONTROVERSY

The Fairtrade movement began in 1986 in the Netherlands when Max Havelaar created the first Fairtrade label for coffee from Mexico. There are now 19 different international Fairtrade organisations, under the umbrella organisation Fairtrade Labelling Organisations International.

For many developing world farmers, it has been a lifeline. Different food commodity markets have dropped since the late 1990s; for example, in the coffee market between 1994 and 2001, the price of robusta beans (used for instant coffee) dropped from 180 cents / lb to 17 cents / lb. For a cappuccino in a London café costing £1.75, a grower might get around 5p. As a result, many farmers have had to abandon their fields or in some cases even turned to

growing illegal crops like coca or opium poppies, which provide more income.

Fairtrade pays a premium price to producers for all products carrying its label, so coffee growers can make more through Fairtrade than ordinary markets.

Sources:

www.fairtrade.org.uk

www.fairtrade.org.uk/downloads/product_prices.xls

7 PORTFOLIO WRITING

See the Introduction to the Teacher's Guide.

A Sources:

www.cia.gov/cia/publications/factbook

news.bbc.co.uk/1/hi/country_profiles/default.stm

www.economist.com/countries

B Sources:

The No-Nonsense Guide to Fair Trade, David Ransom

The Conscious Consumer: Promoting Economic Justice through Fair Trade, Rose Benz Ericson

www.fairtrade.org.uk

www.fairtradefederation.com

8 BUSINESS STUDIES in English [CLIL]

The airline industry has had a lot of financial difficulties since 2001. After the World Trade Centre attacks (11 September 2001) many in North America and Europe were afraid to travel by air, then there was an outbreak of SARS (Sudden Acute Respiratory Syndrome) in some Asian countries. The second war in the Persian Gulf (the Iraq War) began in March 2003, and some travellers cancelled their bookings. The real problem for the airline industry, however, was the rapid rise in oil prices. (Note: The price of oil has always been calculated in US dollars.)

Mention to students the dramatic oil price rise. To stay in business airlines have begun to cut costs by cutting jobs and wages. Many have also added fuel surcharges to the price of air tickets.

EQ: *Has your attitude to air travel changed since the 11 September attacks, SARS and the war in Iraq? If you were the head of an airline, what would you do to manage the present situation?*

9 FURTHER DISCUSSION

This section covers: unemployment, moving jobs to other countries, the black economy, the privatisation debate.

A This question picks up on the quote in **Viewpoint**.

EQ: *Is the government doing enough to create jobs? What can the government do about unemployment? What kind of help do unemployed people get?*

B Discuss the outsourcing trend to countries like China (manufacturing) and India (IT / customer helplines).

EQ: *Is your country very competitive in getting new companies? What would you think of major companies from your country moving away for cheaper taxes? Is paying taxes a patriotic thing to do?*

C Discuss which kinds of goods are produced or imported illegally (computer software, CDs, DVDs, brand name clothing)? (Note: *Black economy* = *black market* AmEng)

EQ: *Do you see piracy (software, brand-name clothing, CDs) as theft? Why / Why not? Would you buy these goods?*

D Ask students to consider examples of privatised or government-controlled companies where they live.

EQ: *Why do you think businesses might be more efficient than governments?*

10 **Your answer:** DOES ECONOMICS REALLY AFFECT ME?

This question aims to take the idea of economic issues from the abstract to the personal. Students might question how their life might be affected if there was a deep recession, stock market crash or banking crisis; for example, unemployment, bankruptcies, cutbacks in the public sector (effects on education or healthcare), freezing of bank accounts, ability to buy a home. The students can think of what they can actually do to stimulate the economy – spend more, buy a house, invest more,

start their own business (creating jobs), further education or training, pay taxes.

WORKBOOK

1 USE OF LANGUAGE: Transitive and intransitive Verbs

This activity will introduce students to the tremendous growth in the Chinese economy. At the same time, this will get students to review the key grammatical structure of the transitive and intransitive verbs. The activity is based on an authentic test activity used by the University of Cambridge Local Examinations Syndicate in the CAE and CPE in English.

1 USE OF LANGUAGE

Answers

(Several verbs possible)

- 1 rose / increased / expanded / grew / went up
- 2 declining / decreasing / dropping / going down
- 3 pushed up / increased / expanded / boosted
- 4 go up / increase / expand / grow
- 5 went up / was up / increased / expanded / grew
- 6 went up / were up / increased / expanded / grew
- 7 declined / decreased / dropped / was down
- 8 cut / decrease

2 WRITING

A Sources:

Job Creation in America: How our Smallest Companies Put the Most People to Work, David Birch
Green Job Creation in the UK, Victoria Wiltshire
www.europa.eu.int/scadplus/leg/en/s02304.htm
www.tbr.co.uk/consultancy/projects/dti_job_generation

3 SPEAKING STRATEGIES: Discussing graphs

This activity will help students who are using graphs in language presentations to use the appropriate phrases for pointing out key facts and figures.

3 SPEAKING STRATEGIES

Answers

- 1 e 2 d 3 a 4 c 5 b

4 IDIOMS

See the Introduction to the Teacher's Guide.

4 IDIOMS

Answers

1 b 2 d 3 a 4 e 5 f 6 c

1 to fall off the back of a lorry = to be stolen

2 to be the driving force behind = to be the main force pushing or making changes

3 cracks in the relationship = first difficulties in the relationship

4 to be caught in the poverty trap = to be poor and not able to change this

5 to be in the red = to be in debt

6 to have a windfall = to receive some good luck, often money (sometimes a large amount) unexpectedly

Ask students to use the idioms orally by answering these questions. These can be done as pair work or as a whole class.

- *What do you think of Kofi Annan's attempts to put poverty at the top of the UN agenda?*
 - I think it's good that he was *the driving force behind* this measure.

– Many people around the world are caught in *the poverty trap*. You need some large organisations to help if you want things to change.

- *How would it affect the economy if your city were chosen to host the Olympics?*
 - I think it would be like having a *windfall*. A lot of money would be spent on new facilities and lots of jobs would be created.
 - I think there might be *some cracks in the relationship* with other parts of the country.
 - If we were in *the red* before, we wouldn't be afterwards.
- *How does poor government regulation affect the economy?*
 - I think it allows for a black economy to develop; more people sell things that have fallen off *the back of the lorry*.
 - I think it can cause some *cracks in the relationship* between business and government when government does decide to take tougher actions.
 - I think a country can quickly be in *the red* if it doesn't collect taxes efficiently.