

Chapter 1

The Economy and Market

Read the following text and answer the questions

Factors such as personal income, interest rate, money supply, credit policy, taxes, and general business activity all can affect demand in different industries and individual firms in different ways. Although varied from industry to industry, it is commonly true that the higher the personal income, money supply, or business activity the higher the demand for goods and services. The reverse is true for higher interest rates or taxes. Furthermore, demand is highly susceptible to the fluctuations of the business cycle; higher demand usually is accompanied by inflation, and lower demand occurs during recessions. The nature, structure, conditions, and behaviour of the market can significantly determine the demand pattern. From the point of view of the firm, the larger its market share the more accurate its predictions for demand, because it can exert more influence over its competitors in efforts to sustain or increase demand. Also, the demand pattern in the segmented market can be quite different from that of the unsegmented one. Demand for a product may be segmented by brand/ price/ quality distinctions or by geographical distinctions. The geographic differences between domestic and foreign markets, or northern and southern markets, require quite different approaches to their demand estimates because of cultural preferences of customers.



Comprehension Questions

1. "The reverse is true for higher interest rates or taxes." Explain this sentence in relation to the context.
2. How are the economy of a country and its market interrelated? Give evidence from the text.
3. Which economic situation is more preferable for the labour: inflation or recession?

Word Study

Money supply (monetary stock): the quantity of money issued by a country's monetary authorities (usually the central bank)

Susceptible to something: easily influenced or harmed by something

Business cycle (trade cycle): the process by which investment, output and employment in an economy tend to fluctuate up and down in a regular pattern causing booms and depressions, with recession and recovery as intermediate stages

Exert: apply something

Segmented market: a market where there is a restricted contract between different customers or different suppliers (if different customers either do not know what prices others are paying or are unable to resell goods and services to them, it is possible to discriminate in the prices charged or level of services offered to different parts of the market)

Brand (brand name): a trade name used to identify a specified product, manufacturer or distributor



a. Choose the correct alternative among those given:

1. Factors such as (a. personalize, b. personal, c. personality) income, interest rate, money supply, credit policy, taxes, and general business activity all can affect demand in different industries and (a. individuality, b. individualize, c. individual) firms in (a. different, b. difference, c. differentiated) ways.
2. Although varied from industry to industry, it is commonly true that the higher the personal income, money supply, or business (a. action, b. act, c. activity, d. actor) the higher the demand for goods and services.
3. The nature, structure, conditions, and behaviour of the market can (a. signify, b. significant, c. significantly) determine the demand pattern.
4. From the point of view of the firm, the larger its market share the more (a. accurate, b. accurately, c. accuracy) its (a. predict, b. predictable, c. predictions) for demand, because it can exert more influence over its (a. compete, b. competition, c. competitive, d. competitors) in efforts to sustain or increase demand.
5. The geographic differences between domestic and foreign markets, or northern and southern markets, require quite different approaches to their demand

(a. estimate, b. estimates, c. estimations) because of cultural (a. prefer, b. preferences, c. preferable, d. preferably) of customers.

b. Find the appropriate correspondences of the following sentences and the words given below. Fill in the gaps with the right word:

budget, upkeep, maintenance, economy, thrift

1. Careful control of money, possessions, etc. Her with her money, allowed them to have a really good holiday.
2. The act of keeping something repaired and in order. He spent time on the of his house.
3. The cost of keeping something repaired and in order. The of the house is too much for me to pay.
4. The plan of how to spend money. It's a weekly
5. A plan of how much money to take in (as by taxation) and how to spend it. The government never gets smaller.
6. Formal synonym of upkeep. The of the house is more than I can pay for.
7. An example of the careful use of money, time, strength, etc. He practised all his life and died a rich man.
8. It's a(n) to buy good shoes because they last longer.

c. Join the following sentences:

1. Some cheques are cashed
 2. When you take out an insurance policy
 3. Banks discount
 4. Can a bank's customers
 5. Money and valuables should be kept
- a) obtain loans from any one of the bank's branches?
 - b) or, to put it differently, paid over the counter.
 - c) you have to pay regular premiums.
 - d) in a bank's vaults.
 - e) bills of exchange and drafts.



Problem-solving Activity

To what extent is religion a crucial factor for the demand pattern? Give positive and negative examples.

Chapter 2

Marketing Economies

Read the following text and answer the questions

There are many ways in which the marketing of products can lead to cost-cutting and more economic working. For example, a large firm usually distributes its products to regional depots, serving a natural, and manageable catchment area. There are huge economies to be had in the "in-plant" printing field. For example, Debenhams need 30 million tickets for labelling displays in their shops every year, and have found that by setting up a specialist department they can streamline the creation of attractive notices, price-tickets, etc., and at the same time achieve a useful uniformity throughout the group. Such uniformity also achieves good control of displays from the legal point of view, for example to ensure compliance with rules about consumer credit, pricing of items in sales, etc.

Packaging can often achieve economies, for example the package in which children's toys are marketed can, if properly designed, be part of the display material, drawing attention to the product, its price, etc. The mere display of the package is effective store promotion, without any need for specialist display notices or window dressing.



Comprehension Questions

1. How can the marketing of products lead to cost-cutting and more economic working?
2. How can packaging become cost-saving?

Word Study

Depot: a storehouse for supplies; warehouse

Catchment area: area from which people/goods are sent to a particular school, place, etc.

Word Study*(continued)*

Streamline: make something more efficient and effective, e.g. by improving or simplifying working methods

Uniformity: unvarying, not changing form or character

Compliance with: action in accordance with a request or command



a. Find what these words from the text mean by choosing the correct alternative among those given:

1. depot
 - a) expatriation
 - b) storehouse
 - c) derogation
2. catchment
 - a) area where people are arrested,
 - b) the act of catching or collecting,
 - c) the area from which people are allocated to a particular school, hospital, etc.
3. setting up
 - a) establish
 - b) produce
 - c) arrange
4. streamline
 - a) make more efficient by simplifying,
 - b) diversifying from the wrong direction,
 - c) following the majority
5. uniformity
 - a) uniqueness
 - b) dissimilarity
 - c) homogeneity
6. displays
 - a) disarrange
 - b) demonstration
 - c) disposal
7. compliance
 - a) extreme self-satisfaction
 - b) combination
 - c) conformity

b. Decide on the appropriate title of the following extract:

Every day a lot of trading takes place and huge sums of money are moved around the world. However, relatively few investors seem willing to make long-term commitments to foreign markets. There is remarkably little international diversification of portfolios – that is, Americans are rarely stockholders

of foreign companies, and conversely. Estimates suggest that more than 90 percent of the value of stocks owned by American residents is still in American companies; the same is true of Japanese and European investors.

Perhaps because there is so little international "cross-holding" of stocks, world stock markets do not necessarily move together. This was illustrated spectacularly from 1990 to 1992, when the Japanese stock market – which at its peak was worth more than the U.S. market – began a prolonged slide. In a closely integrated capital market, one might have thought that such a huge decline in what was at the beginning the world's biggest market would drag down other markets as well. Yet in fact stock prices in the United States and Europe actually rose over the same period.

c. In most lines of the following text, there is one word which is either grammatically incorrect or does not fit in with the sense of the text. For each numbered line 1-7, find this word and correct it. Some lines are correct. Indicate these lines with a tick (✓):

1. When a man has shaved (or put by) some money, he can deposit his savings
2. with a savings bank. A low - rate interest is usually allowed (or paid) by
3. deposits. If a man wants to invest large sums, instead of keeping the money in
4. his treasury, he will buy shares (stocks in the U.S.A.) and bonds (or debentures),
5. baring the common name of securities. They are bought and sold on the stock
6. exchange through brokers. Some people favour save investments (e.g. gilt-edged
7. securities), while others prefer more risky speculations.

d. Read the text below. Choose the correct word A, B, or C to fill in each gap. For each gap one letter is correct:

Great Britain – Government

The (1). of the (2). of Commons are (3). over by the (4). Parliament accepts or rejects the (5). proposed by this government. After it had passed (6). the two (7). a (8). becomes a(n) (9). of Parliament.

The two major parties are the (10). Party and the (11). party. The political party with the largest number of (12). forms the Government. Its (13). becomes the (14). and he chooses the members of his Cabinet. They are the heads of the Government Departments.

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|-------------------|-----------------|-------------------|
| 1. A. seats | B. sittings | C. chairs |
| 2. A. Residence | B. Home | C. House |
| 3. A. presided | B. directed | C. presided |
| 4. A. Spokesman | B. Speaker | C. Speechman |
| 5. A. bills | B. laws | C. rules |
| 6. A. between | B. over | C. through |
| 7. A. Residences | B. Homes | C. Houses |
| 8. A. bill | B. law | C. rule |
| 9. A. Act | B. Action | C. Activity |
| 10. A. Republican | B. Conservative | C. Preservative |
| 11. A. Left | B. Working | C. Labour |
| 12. A. seats | B. sittings | C. chairs |
| 13. A. leader | B. head | C. chief |
| 14. A. Chancellor | B. President | C. Prime Minister |



Problem-solving Activity

Is it more economical to have an in-plant marketing department or to cooperate with promotion offices external to your company? Explain the advantages and disadvantages of each.

Chapter 47

Macroeconomics

[Extract from: Blanchard, Olivier. 2002. *Macroeconomics*. Prentice Hall]

Budget Deficits, Output and Investment

Let's summarize what we learned about the effects of fiscal policy in this section:

In the short run, a budget deficit reduction, if implemented alone (that is –and note the stated qualification– without an accompanying change in monetary policy) leads to a decrease in output, and may lead to a decrease in investment. What is needed is for the central bank to decrease interest rates enough to offset the adverse effects of the decrease in government spending. The Fed made sure that even in the short run, deficit reduction did not lead to a recession and to a decrease in output. In the long run, a lower budget deficit leads to higher investment. Higher investment leads to a higher capital stock, which leads to higher output.

Everything we have just said about the effects of deficit reduction would apply equally to measures aimed at increasing private saving. Disagreements among economists about the effects of measures aimed at increasing either public saving or private saving often come from differences in time frames. Those concerned with short-run effects worry that such measures may create a recession and decrease saving and investment for some time.

Changes in the Price of Oil

In the 1970s, the price of oil increased dramatically. This was the result of the formation of the Organization of Petroleum Exporting Countries (OPEC), a cartel of oil producers. Behaving as a monopolist, OPEC reduced the supply of oil and, in doing so, increased its price. From 1982 on, however, the cartel became unable to enforce the petroleum quotas it had set for its members. Some member countries started to

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produce more than their assigned quota, and the supply of oil steadily increased, leading to a large decline in the price.

The Dynamics of Adjustment

In 1974 and 1975, GDP growth was negative. In both 1974 and 1975, inflation (as measured by the rate of change of the GDP deflator) was higher than the year before. This combination of negative growth and high inflation – which was baptized stagflation – came as a surprise to economists. Like shifts in aggregate demand, shifts in aggregate supply can come in many forms.

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Conclusions

We looked at the effects of a monetary expansion, of a deficit reduction, and of an increase in the price of oil. The main results are summarized in Table 7-2.

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This chapter also gives you a general way of thinking about output fluctuations (sometimes called business cycles) – movements in output around its trend.

The economy is constantly buffeted by shocks to aggregate supply, or to aggregate demand, or to both. These shocks may be shifts in consumption coming from changes in consumer confidence, shifts in investment, shifts in portfolio behavior, shifts in labor productivity, and so on. Or they may come from changes in policy – from the introduction of a new tax law, to a new program of infrastructure investment, to the decision by the central bank to fight inflation through tight money. What we call economic fluctuations are the result of these shocks to and their dynamic effects on output.

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A Vocabulary Building



Find words or phrases in the text that mean the following:

1. αίρεση («υπό την αίρεση ότι...») =
2. Ακαθάριστο Εγχώριο Προϊόν =
3. ανάπτυξη (ΑΕΠ μιας χώρας ή οικονομικών μεγεθών μιας επιχείρησης) =
4. αναταράξεις =

5. αποπληθωριστής ΑΕΠ =
6. αποταμίευση =
7. αύξηση =
8. δημόσιες/κρατικές δαπάνες =
9. δημοσιονομικός =
10. διακυμάνσεις =
11. έλλειμμα (οικονομικό) =
12. επενδύσεις =
13. επιτόκιο =
14. επιχειρηματικός συνασπισμός =
15. ζήτηση =
16. καθορισμένο ποσοστό (ποσοτικό επίπεδο) =
17. κατανάλωση =
18. καταναλωτική εμπιστοσύνη =
19. κεντρική τράπεζα (γενικά) =
20. (μέση) τάση =
21. μετοχικό κεφάλαιο =
22. μονοπώλιο/μονοπωλητής =
23. νομισματικός =
24. οικονομικός κύκλος =
25. οικονομολόγος =
26. Οργανισμός Πετρελαιοεξαγωγικών Κρατών =
27. παραγωγή (ως παραγόμενο προϊόν/έργο) =
28. παραγωγικότητας της εργασίας =
29. πετρέλαιο =
30. πίνακας (απεικόνισης στοιχείων) =
31. πληθωρισμός =
32. πολιτική (επιδιωκόμενη στρατηγική) =
33. προσαρμοστική ρύθμιση =
34. προσφορά (προϊόντων/αγαθών) =
35. προϋπολογισμός =
36. στασιμοπληθωρισμός =
37. στενότητα χρήματος =
38. σύνολο/συνολικός (εκτός λογιστικών καταστάσεων) =
39. τιμή (αγαθού) =
40. υποδομές =
41. ύφεση =
42. φόρος =

43. χαρτοφυλάκιο =
 44. χρονικός ορίζοντας =

B *Clarifying Terminology and Expanding Vocabulary*

Distinguish between the following terms in context:

1. αίρεση («υπό την αίρεση ότι...») = ≠ θρησκευτική αίρεση = ≠ αιρεσιμότητα =
2. Ακαθάριστο Εγχώριο Προϊόν = ≠ Ακαθάριστο Εθνικό Προϊόν =
3. ανάπτυξη (ΑΕΠ μιας χώρας ή οικονομικών μεγεθών μιας επιχείρησης) = ≠ ανάπτυξη (επιχείρησης, γενικά) = ≠ ανάπτυξη (προϊόντος) =
4. αποταμίευση = ≠ κατάθεση =
5. δημόσιες/κρατικές δαπάνες = ≠ λειτουργικές δαπάνες/έξοδα/κόστη (επιχείρησης) = ≠ επιλέξιμες δαπάνες = ≠ δαπάνες/έξοδα (γενικά) =
6. διακυμάνσεις = ≠ κυμαινόμενο επιτόκιο =
7. έλλειμμα (οικονομικό) = ≠ έλλειμμα/έλλειψη (γενικά) =
8. εμπιστοσύνη = ≠ πίστη/πίστωση (τραπεζική) = ≠ εμπιστευσιμότητα = ≠ εμπιστευτικότητα/«απόρρητο» = ≠ φερεγγυότητα/αξιοπιστία (γενικά) = ≠ φερεγγυότητα (πιστωτική) =
9. επιτόκιο = ≠ τόκος = ≠ ανατοκισμός = ≠ ονομαστικό επιτόκιο = ≠ πραγματικό επιτόκιο (μείον πληθωρισμό) = ≠ αποτελεσματικό ετήσιο επιτόκιο / ετήσιο ισοδύναμο επιτόκιο (συνυπολογίζοντας ανατοκισμό) = ≠ συνολικό ετήσιο πραγματικό επιτόκιο/ΣΕΠΕ (συνυπολογίζοντας περίοδο χάριτος ή/και έξοδα δανείου) =
10. καθορισμένο ποσοστό (ποσοτικό επίπεδο) = ≠ ποσοστό (γενικά, μετρούμενο επί τοις εκατό) = ≠ «τοις χιλίοις» / ‰ =
11. κεντρική τράπεζα (γενικά) = ≠ η Ευρωπαϊκή Κεντρική Τράπεζα = ≠ η Αμερικανική Ομοσπονδιακή Τράπεζα (η κεντρική τράπεζα των ΗΠΑ) =

12. (μέση) τάση = ≠ μέσος όρος (γενικά) =
 ≠ μέση τιμή (μεταβλητής) / αριθμητικός μέσος = ≠
 διάμεσος (στατιστική) = ≠ επικρατούσα τιμή (στατι-
 στική) = ≠ τυπική απόκλιση (στατιστική) =
 ≠ διασπορά / διακύμανση (δείγματος) =
 ≠ έκτοπη/έκτροπη τιμή (στατιστική) =
 ≠ προσδιορισμός/υπολογισμός (μέσης) τάσης =

13. μετοχικό κεφάλαιο [AmE] = ≠ μετοχικό κεφάλαιο [BrE] =

14. μονοπώλιο/μονοπωλητής = ≠ μονοπωλιακό καθεστώς =

15. νομισματικός = ≠ χρηματικός =
16. παραγωγή (ως παραγόμενο προϊόν/έργο) = ≠ παραγωγή
 (ως διαδικασία παραγωγής) =
17. πίνακας (απεικόνιση στοιχείων) = ≠ πίνακας (μα-
 θηματικός) = ≠ πίνακας (σχολικός) =
 ≠ διάγραμμα = ≠ οργανόγραμμα (επιχείρη-
 σης) =
18. πολιτική (επιδιωκόμενη στρατηγική) = ≠ πολιτική (τα κοι-
 νά) =
19. προσφορά (προϊόντων ή αγαθών στην αγορά) = ≠
 προσφορά (οικονομική γενικά) = ≠ προσφορά (οικονομι-
 κή, σε διαγωνισμό) =
20. στενότητα χρήματος = ≠ ποσοτική χαλάρωση (νομισματι-
 κή) =
21. σύνολο/συνολικός (εκτός λογιστικών καταστάσεων) =
 ≠ σύνολο/συνολικός (σε λογιστικές καταστάσεις) =
 ≠ σύνολο (μαθηματικό) =
22. τιμή (αγαθού) = ≠ τιμή/αξία (μεταβλητής) =
23. ύφεση = ≠ λιτότητα =
24. φόρος = ≠ εφορία =

C Useful Collocations !

Provide a word or phrase to form appropriate collocations:

1. αντισταθμίζω επιπτώσεις = effects

2. αυξάνω αποταμιεύσεις = savings
3. αυξάνω επιτόκια = interest rates
4. επιβάλλω ποσοστά = quotas
5. εφαρμόζω πολιτική = a policy
6. καθιέρωση νέου νόμου = a new law
7. καθορίζω ποσοστά = quotas
8. καταπολεμώ τον πληθωρισμό = inflation
9. μειώνω έλλειμμα = deficit
10. μειώνω επιτόκια = interest rates
11. μεταβάλλω τιμή = price
12. μετρώ πληθωρισμό = inflation
13. οδηγώ σε ύφεση = a recession
14. συνοψίζω αποτελέσματα = results

D *From Term to Text*



Translate the above extract into Greek:

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