

English for Specific Purposes

ESP

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What Is Economics and Why Is It Important?

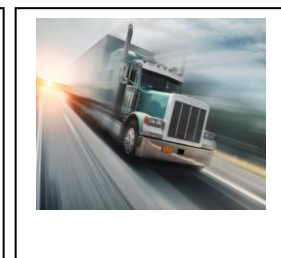
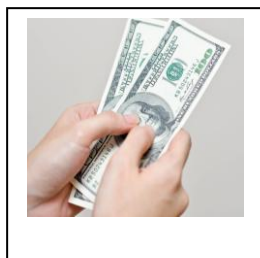
I. Before You Read

A. Connecting to the Topic: Discuss the following questions with a partner.

- Why do people work?
- In choosing a career and a job, how important is money to you?
- How do you manage your money?
- How much money do you spend in a month? In a week?
- What do you spend most of your money on?
- What are you saving your money for?
- What is economics?

Previewing and Predicting

Look at the photographs below. With a partner, discuss what the photographs are trying to express.



2. While You Read

As you read, stop at the end of each sentence that contains words in **bold**. Then guess the meaning of the vocabulary.

What Is Economics and Why Is It Important?

Adam Smith

What is economics and why should you spend your time learning it? After all, there are other subjects you could be studying, and other ways you could be spending your time. Making choices is at the heart of what economists study, and your decision to take this course is as much an economic decision as anything else. Economics is probably not what you think. It is not primarily about money or finance. It is not primarily about business. It is not about mathematics. What is it then? It is both a subject area and a way of viewing the world.



Economics is the study of how humans make decisions in the face of scarcity. These can be individual decisions, family decisions, business decisions or societal decisions. Scarcity means that human wants for goods, services and resources are greater than what is available. If you look around carefully, you will see that scarcity is a fact of life. Resources, such as labor, tools, land, and raw materials are necessary to produce the goods and services we want, but they exist in limited supply. Of course, the ultimate scarce resource is time. Everyone, rich or poor, has just 24 hours in the day to try to acquire the goods they want. In addition, at any point in time, there is only a limited amount of resources available.



If you still do not believe that scarcity is a problem, consider the following: Does everyone need food to eat? Does everyone need a suitable place to live? Does everyone have access to **healthcare**? In every country in the world, there are people who are hungry and **homeless**, for example, those who do not have a home and are in need of healthcare. These are a few essential goods and services. Why is it the case that some people lack these? It is because of scarcity. Let's explore the concept of scarcity a little deeper, because it is important to understanding economics.

The Problem of Scarcity

Think about all the things you consume or need: food, **shelter**, clothing, **transportation**, healthcare, and entertainment. How do you acquire those items? You do not produce them yourself. You buy them. How do you get enough money for the things you buy? You work for pay. Or if you do not, someone else works for you. But most of us never have enough to buy all the things we need or want. This is because of scarcity. So how do we **solve** the problem?

Every society, at every level, must make choices about how to use its **resources**. Families must decide whether to **spend** their money on a new car or an expensive vacation. Towns must choose whether to put more of the **budget** into **police** and fire protection or into the school system. Nations must decide whether to spend more on national defense or on protecting the environment. In most cases, there just isn't enough money in the budget to do everything. So why don't we each just **produce** all of the things we **consume** or need? The simple answer is that most of us do not know how, but that is not the main reason. When you study economics, you will discover that the obvious choice is not always the right answer—or at least the complete answer.

Studying economics teaches you to think in a different way. Think back to the old days, when individuals knew how to do so much more than we do. They could build their homes, **grow** their crops, hunt for food and repair their equipment. Most of us do not know how to do all—or any—of those things. It is not because we could not learn. Rather, it is not necessary. This is the result of what economists call "the division of labor".

no	Vocabularies	Meanings
1	Economics	The study of the way in which trade, industry, and money are organized
2	Decision	a choice that you make about something after thinking about many possibilities
3	Finance	The control of the way large amounts of money are spent
4	Scarcity	a limit to the supply of productive resources or consumer goods in relation to producers' or consumers' demand for them.
5	goods	Tangible items of value.
6	services	Intangible items of value, such as the work of physicians, lawyers, actors or mechanics
7	labor	The human effort required to produce goods and services.
8	supply	Supply refers to the quantity of a specific good that sellers will provide under alternative conditions during a given period.
9	rich	having a lot of money or valuable possessions:
10	poor	having little money and/or few possessions:
11	healthcare	the activity or business of providing medical services
12	homeless	people who do not have a home, usually because they are poor
13	shelter	something that gives protection, such as a building or tent
14	transportation	the movement of people or goods from one place to another
15	solve	to find an answer to a problem
16	Resources	something that can be used such as natural, money or valuable possession
17	spend	(spent): to spend efforts; they spend much money on food, to spend time
18	budget	a financial plan that summarizes income and expenditures over a period of time.
19	Limited	Small in amount or number
20	Produce	to make or manufacture something
21	consumer	anyone who buys and uses goods and/or services
22	grow	the fact of becoming larger or increasing

Finding the Meanings of Words: Contrasts

Examples & Explanations

- Our friends decided to **purchase** a new computer. However, we did not buy one. The writer uses a word that readers may not know: *purchase*. In the next sentence, the writer gives a contrast: did not buy. This contrast can help the reader understand the meaning of *purchase*.

Purchase = to buy something

- Advertising in the newspaper is a **bargain**, unlike high-priced TV commercials. The writer uses another word that readers may not know: *bargain*. In the next sentence, the writer gives a contrast: high-priced. The writer introduces the contrast with the signal *unlike*.

Other contrast signals are *but*, *however*, and *in contrast*.

Bargain = something that is sold cheaply or at a low price

- Ali's advertising plan will **certainly** work. We are not sure about Sara's plan. The writer uses the word *certainly*. The next sentence gives a contrast: not sure. *This time*, the writer does not use a signal to introduce the contrast. The reader has to think about the connection between the two ideas.

Certainly = surely; without a doubt; definitely

- The company thought that their new product would do very well. However, it became one of their biggest **failures**. The writer uses the word *failure* in the second sentence. The contrast comes in the first sentence: do very well. As this example shows, the contrast may come in the sentence before the difficult word.

Failure = something that does not do well

3-Reading Skill Development

Main Idea Check: Match the main ideas below to the six paragraphs in the reading text. Write the number of the paragraph on the blank line.

..... A The definition of economics.

- B The basic needs for life.
- C The importance of studying economics.
- D The aim of studying economics.
- E Getting enough money and solving problems.
- F How to spend money.

4 - Vocabulary Development

Definitions: Find the words in the reading that complete the following definitions.

- 1- also refers to the workers themselves, especially those who do practical work with their hands.
- 2- to create something or bring it into existence.
- 3- are also things of value, such as money or possessions that you can use when you need them.
- 4-a financial plan that lists expected expenses and income during a particular period.
- 5- to use fuel, energy, or time; also to eat or drink especially in large amounts.

B. Word Families: The words in the table are from the reading. Complete the table as from the same word families as required. Study and learn these words.

No	Verb	Noun	Adjective
1		transportation	
2	spend		
3		innovation	
4	grow		
5			economic
6		scarcity	
7			financial
8	consume		
9			homeless
10		supply	

5-Critical Thinking: In the reading you learned about the Economics and the reasons behind economic problems.

Work with a partner or small group. Discuss the following questions.

- What is the cause of scarcity? What is the solution? How can the problem of scarcity be met? etc.?

- In your opinion, what kind of product would like to buy it?

6- **Writing**: Write a short paragraph about the economic problems in Iraq. By answering the questions below:

- What is economics?
- How do you manage your money?
- Why are you saving your money?

Then join your sentences from your answers and reasons to form a paragraph about the economic problems in Iraq. Be sure to use nouns and verbs in a correct form.

7- Listening

Before you listen

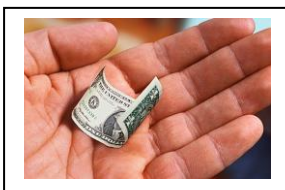
Connecting to the Topic

- What is the role of businesses in economics?
- How can you know that the country has a good economy?
- What is the role of government in economics?

Previewing and Predicting

Look at the pictures with a partner and discuss the questions below:

- What the pictures are trying to express.
- What is the connection between pictures and economics?
- What sort of information do you find from the illustrations?



Listening activity: Watch the video "What Is Economics?"

<https://www.youtube.com/watch?v=nWPrMmv1Tis>

Circle the correct answer:

- 1- What is the speaker going to talk about?
 - a- Business

- b- Work
 - c- **Economics recourse**
- 2- What are the words that you heard from the talk.
- a-**scarcity**
 - b-**limits**
 - c-**money**
 - d-company
 - e-design
- 3- Which points in the talk are new to you?
- a-limit
 - b-forced
 - c-government
 - d-**schedule**
- 4- What is the idea of scarcity
- a-**The idea that we cannot have everything we want.**
 - b- Do not have enough money.
 - c-cannot buy everything.

Answers

-2..... A The definition of economics.
-3..... B The basic needs for life.
-1..... C The importance of studying economics.
-6..... D The aim of studying economics.
-4..... E Getting enough money and solving problems.

.....5..... F How to spend money.

No	Verb	Noun	Adjective
1	transport	transportation	transportable
2	spend	spending	spendable
3	innovate	innovation	innovative
4	grow	growth	growing
5	economise	economics	economic
6	scarcity	scarcity	scarce
7	finance	finance	financial
8	consume	consumption	consuming
9	homeless	homelessness	homeless
10	supply	supply	suppletive