

8. The consumer credit boom

A. Read the article, and put these word into the spaces.

credit rating • creditors • creditworthy • into the red
loans • owe • pay it back • write off

- The people of the United Kingdom are estimated to _____ around a trillion pounds in personal debt, which is about £16,000 for every man, woman and child. Much of this debt is of course in the form of mortgages, but an ever-increasing proportion is in the form of consumer credit: unsecured _____ in the form of overdrafts, credit card debts, store card debts, hire-purchase agreements and the numerous other ways in which the British public are able to "buy now, pay later".
- An inevitable result of this is that an increasing number of people are taking on more debt than they can service. Credit cards and store cards especially can have very high APRs*, and the interest soon mounts up, pushing the borrower further and further _____. Repayment in full may simply become impossible.
- Of particular concern are so called "loan-sharks". While the major lenders such as banks _____ millions of pounds every year in bad debts, small credit companies sometimes
- resort to heavy-handed measures such as sending in the bailiffs and even (although of course this is illegal) threatening physical violence.
- Naturally, creditors try to avoid lending money to people who won't be able to _____. Although they may not know it, every person who has ever had dealings with a financial institution (for example, had a bank account) has a credit rating. This data is stored on computers by credit reference agencies, and before agreeing to a loan, most creditors will check the applicant's _____. However, this information can be misleading. Apparently _____ people may already be struggling to keep up the payments on their existing debts.
- As well as having potentially disastrous consequences for people who get too heavily into debt, the boom in consumer credit could have serious repercussions for lenders. If people are genuinely unable to repay their debts, ultimately there is very little their _____ can do about it.

*APR = Annual Percentage Rate

B. Find words in the text which mean the same as the following.

- Money owed by people, not businesses (paragraph 1) p _____ d _____
- Paying for something like a sofa or a car in instalments (paragraph 1) h _____ p _____
- Increases (paragraph 2) m _____ u _____
- ...of all the money (paragraph 2) i _____ f _____
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- Cause big problems (paragraph 5) h _____ s _____ r _____

The concept of production

The aim of any activity is to produce goods and to provide services. Production is therefore the transportation of the input into the output, by means of different productive processes.

To produce any article or to provide any service depends upon some factors of production: human factors and non-human factors. The human factors consist of labour and enterprise, and the productive services, that is to say, the human physical efforts, skills and intellectual abilities.

Enterprises refer to the way in which the structural organization of production is made. Land denotes the natural resources of the universe, such as the earth, the sun, lakes, rivers, animals, etc...

Capital consists of finance and other resources, such as factories, means of production, roads, etc...

As far as production is concerned, we distinguish two kinds: direct and indirect production. The former implies that the worker produces for these own needs, whereas the latter refers to a chain of production processes. This chain can be divided into two major processes:

-Primary process deals with the extraction of raw materials, e.g. mining.

-Secondary process in which the raw materials are transformed into manufacturing goods, e.g. car manufacturing.

1) Answer the following questions.

- How is the word "production" defined in the text?
- Is buying the aim of any economic activity?

2) Complete the following table.

NATURE	CAPITAL	GOODS/PRODUCTS

3) Choose the correct answer.

- 1) The first process of production is to:
a) get out the natural materials b) get out the raw materials c) sell the extracted goods

2) The second process of production is to:

- a) buy the transformed goods b) advertise the goods c) transform the raw material to manufacturing goods

4) a) Match words with synonyms

- goal a) money
- raw b) aim
- capital c) natural

b) Match words with opposites

- last a) keep
- buy b) primary
- transform c) sell

5) Write a letter in which you apply for a job advertised in a newspaper

good luck

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The Science of Economics

The science of economics is based upon the facts of our everyday lives. Economics studies our everyday lives and the general life of our communities in order to understand the whole economic system of which we are part. They try to describe the facts of economy in which we live, and to explain how it all works, the economist's method should be strictly objective and scientific.

We need clothes, food and shelter. We probably would not go to work if we could not satisfy these basic needs without working. But even when we have satisfied those basic needs, we may still want other things. Our lives might be more enjoyable if we had such things as radios, books and toys for the children. Human beings certainly have a wide and very complex range of wants.

The science of economics is concerned with all our material needs: it is concerned with the desire to have radio as well as the basic necessity of having enough food to eat.

Read the text carefully then answer the questions

Ex 1: Say whether the following statements are **true** or **false**.

- 1-Economics is a scientific study.
- 2-Economists try to understand only part of the economic system.
- 3-If we could satisfy our basic needs without working, we would still work.
- 4-Radios, books and toys are basic commodities.
- 5-Clothes and shelter are non-essential human needs.

EX 2 :Choose and translate into Arabic five (5) items from the list:

Trade – Economics – Marketing – Profit – Stocks – Bonds – Supply – Demand –
Overseas trade – Manager – Accountant – Economist

EX 2: Match the following half sentences:

a) Capital goods

1) they mean the activity which results in the supply of goods and services.

B) A useful function

2) is known as a consumption.

Performed for the benefit of someone who is prepared to pay for it

c) When economists refer to Production

3) are items which are manufactured for the purpose of helping man in his trade.

d) Investment

4) is called a service(eg:hair dressing-food in a restaurant)

e)The use made for services and goods for the satisfaction of wants

5) may be defined as resource used to increase future income and consumption.

GOOD LUCK

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M1:TD Monetary /International

Read the text carefully then do the activities.

Consumerism is a movement that promotes the interests of buyers of goods and services. It works to protect consumers from unsafe products; fraudulent advertising, labelling, or packaging, and business practices that limit competition. Consumerism, also known as consumer protection or the consumer movement, is active in many countries.

Consumerism includes activities by consumers themselves as well as government action on the federal, state, and local level. The movement seeks to provide adequate information about products so that consumers can make wise decisions in purchasing goods and services. Consumerism also tries to inform consumers of effective means of obtaining compensation for damage or injury caused by defective products.

The rise of the consumer movement has had major effects on business and industry. Many companies have become more responsive to the needs, wants, and safety of consumers. Other firms have not been responsive to these concerns.

1. The text is about:

- a) Consumers' rights and duties.
- b) Consumer movement and its roles.

2. Say whether the following statements are true or false according to the text.

- a) Consumer movement is present in many countries.
- b) The movement helps consumers take decisions about what products to buy.
- c) The movement gives money to consumers.
- d) All firms have responded to the movement's concerns.

3. In which paragraph is it mentioned that

- a) Consumerism deals with buyers' interests?
- b) Consumerism informs consumers about good ways of getting payment for damage and losses?

4. What do the underlined words in the text refer to?

- a) it (§1) – b) themselves (§2)

5. Answer the following questions according to the text.

- a) What does consumerism protect consumers from?
- b) What information does consumerism provide consumers with?
- c) What positive effects has consumerism had on business and industry?

2. Banks – the basics

A. Choose the correct words.

☉ Grimleys Bank

Open an account today!

Open an account with Grimleys Bank, and start benefiting from our great ¹ rates / levels of interest and ² small / low charges. With over 3,000 ³ branches / outlets, you'll never be far from us, and unlike many other ⁴ high street / town centre banks, we're open all day on Saturdays.

Grimleys customers can ⁵ take money / make withdrawals from more than a million ⁶ cash dispensers / money machines worldwide, and of course you'll receive a ⁷ cheque book / book of cheques and a ⁸ paying card / debit card within a few days of opening your account.



Computer-users may be interested in our e-account - all the benefits of a regular Grimley's ⁹ current / day-to-day account, with the added convenience of being able to view your ¹⁰ list / statements and ¹¹ make / do payments online.

Whether you're opening your first current account, ¹² switching / changing from another bank or simply want to take advantage of our ¹³ range / variety of savings accounts, you'll be glad you chose Grimleys - the bank that always ¹⁴ makes / puts the customer first.

B. Match the method of payment with the definition.

- | | |
|-----------------------|---|
| 1. Credit card | a. A piece of paper which transfers money from your account to somebody else's account. |
| 2. Debit card | b. Similar to a credit card, but usually operated by a chain of shops or other retailer. |
| 3. Charge card | c. The money is deducted from your bank account almost immediately. |
| 4. Cheque | d. These can be exchanged for foreign currency, or in some cases used instead of cash. |
| 5. Traveller's cheque | e. You owe the card provider money. You can pay it back in one instalment, or over a longer period if you wish. |
| 6. Charge account | f. You owe the retailer money. |
-

1. Money – the basics



A. Put the correct word in each space.

account	•	back	•	banknotes	•	borrowed
change	•	coin	•	currency	•	earn
lent	•	note	•	salary	•	spend
sum	•	wages	•	waste	•	win

1. In the USA, "quarters" (25 cents) and "dimes" (10 cents) are types of _____.
2. In the United Kingdom, "a tenner" means a ten pound _____.
3. The US dollar, the Yen and the Euro are types of _____.
4. Hundred dollar bills and twenty pound notes are _____.
5. 2,000,000 Swiss francs is a large _____ of money.
6. I need to _____ some Euros into Australian dollars.
7. My friend _____ a hundred pounds from me.
8. I _____ a hundred pounds to my friend. When she can, she'll pay me _____.
9. I buy a lottery ticket every week, but I never _____ anything.
10. Most dentists _____ at least £30,000 a year.
11. _____ are paid to employees weekly. _____ are paid to employees monthly.
12. In business, you have to _____ money to make money.
13. A: Do you have a bank _____?
B: Yes. I bank with the Bank of Scotland.
14. In my opinion, eating in expensive restaurants is a _____ of money.

B. Match the words on the left with the words on the right.

- | | |
|----------------|----------------------|
| 1. a small | a. a profit |
| 2. an income | b. amount of money |
| 3. donate | c. cash |
| 4. high | d. cost of living |
| 5. make | e. credit card |
| 6. pay by | f. losers |
| 7. pay in | g. money to charity |
| 8. winners and | h. of £25,000 a year |

Read the passage carefully then do the activities .

The term 'market', as used by economists, is an extension of the ancient idea of a market. Long ago, part of a town was kept as a marketplace, and people came in on market-days to buy and sell. Markets today are not located in any fixed place: the sugar market and the cotton market are not geographical locations, but simply sets of conditions which permit buyers and sellers to work together.

Buyers and sellers do not always have to meet face-to-face. They may communicate by letter, by cable, by telephone or through their agents.

In a free market, competition takes place among sellers who want to sell their commodities at the best possible price, and among buyers who want to buy what they want at a price which suits them. Such competition influences the prices prevailing in the market. Prices inevitably fluctuate, and such fluctuations are also affected by supply and demand. It can be said however that the price ruling in a market indicates the point where supply and demand meet.

Are these statements true or false?

- a- A modern market is a geographically fixed marketplace.
- b- A market is created when people, who are willing to sell, get in touch with people who are willing to buy.
- c- Buyers and sellers may do business without meeting in person.

Answer the following questions according to the text.

- a- What do economists use the word 'market' for?
- b- Mention three elements that cause prices to fluctuate.

What or who do the underlined words refer to?

- a- ... by telephone or through their agents. (§ 2)
- b- ... at a price which suits them. (§ 3)
- c- Such competition influences the prices ... (§ 3)

Find in the text words, phrases or expressions corresponding to the following definitions.

- a - people who manage the business affairs of others (§ 2)
- b - most frequent or common (§ 3)
- c - move up and down : be irregular (§ 3)

Using the following notes, write a composition on how to improve the sale of a product.

- attractive packaging - motivate buyers
- advertising - make improvement known
- timing - quick delivery / delivered on time.