

Subject 01: Basic Economic Concepts

Needs: Are goods or services that you must have. This would include basic requirements for survival like the needs for food, clothing, shelter and health care. In recent years we have seen a perceived shift of certain items from wants to needs such as: Internet and telephone service, to many, are needs.

Wants: Are goods or services that are not necessary but that we desire or wish for, wants are broader than needs. For example, one needs clothes, but one may not need designers' clothes. One does not need toys, entertainment, games ...etc. One needs food, but does not have to have a steak or dessert. One does not need glamorous trips, mall shopping ...etc.

Economy: Is the relationship between production, trade and the supply of money in a particular country or region.

Economics: Is a science that studies economies and develops possible models for their functioning. It is also the study of human efforts to satisfy unlimited wants with limited resources

Scarcity: The fundamental economic problem facing all societies is the situation where you don't have enough of something. Essentially it is how to satisfy unlimited wants with limited resources. This is the issue that plagues all government and peoples. How do we conquer the issue of scarcity? Many people have thought they had the answer (see Marx, Smith, Keynes, etc.) but the issue of scarcity still exists.

Market: A place or an area where the forces of supply and demand meet.

Competition: describes the activity of trying to sell more and be more successful. When competition is strong, you can say that it is intense, stiff, fierce or tough. If not, it may be described as low-key.

Factors of production/resources: These are those elements that a nation has at its disposal to deal with the issue of scarcity. How efficiently these are used determines the measure of success a nation has. They are

- Land - natural resources, etc.
- Capital - investment money.
- Labor - the work force; size, education, quality, work ethic.
- Entrepreneurs - inventive and risk taking spirit.

The "Three Basic Economic Questions" these are the questions all nations must ask when dealing with scarcity and efficiently allocating their resources.

- What to produce?
- How to produce?
- For whom to produce?

Opportunity cost: The cost of an economic decision. The classic example is "guns or butter." What should a nation produce; butter, a need, or guns, a want? What is the cost of either decision? If we choose the guns the cost is the butter. If we choose butter, the cost is the guns.

Free products: Air, sunshine are and other items so plentiful no one could own them.

Economists are interested in "economic products" - goods and services that are useful, relatively scarce and transferable.

Good: Tangible commodity. These are bought, sold, traded and produced.

Services: Work that is performed for someone. Service cannot be touched or felt.

Consumer goods: Goods that are intended for final use by the consumer.

Capital goods: Items used in the creation of other goods: Factory , machinery, trucks, etc.

Durable goods: Any good that lasts more than three years when used on a regular basis.

Non durable goods: Any item that lasts less than 3 years when used on a regular basis.

Consumer: Is the one who is the end user who consumes goods or services.

Customer/client: Is the one who is purchasing the goods or services for several time, the client has the notion of loyalty.

Consumption: The using up of goods and services having an exchangeable value.

Utility: capacity to be useful.

Wealth: the sum collection of those economic products those are tangible, scarce and useful.

Productivity: the ability to produce vast amounts of goods (economic products) in an efficient manner. The American capitalist economy is productive because:

- It uses its resource efficiently.
- It specializes to increase efficiency and productivity.
- It invests in Human Capital.

→ **Grammar:** The **Present Simple/ Present Continuous:**¹

✓ Use the **Present Simple** for:

- a) Habits/routines : everyday
- b) Things that are always true/permanent: the water boils at 100°C.
- c) Describing a state: economics is the science that studies economy.

✓ _____ Use the **Present Continuous** for:

- a) Things that are happening now at this precise moment: I am working at the moment.
- b) Temporary situations that are happening around now: I am reading a really great book.

Important: Some verbs are not usually used in the continuous form, e.g. *hate, want, need.*

Activity 01: Complete the sentences with the verbs from the box below in simple present or present continuous.

involve	take part	meet	learn	be	call
not want	speak	invest	sell	target	work

- 1) Our sales rep very stubborn. He(not) to accept our new conditions.
- 2) They in a temporary project.
- 3) My job usually emailing our customers.
- 4) We a new consultant tonight

¹ Trappe,T., & Tullis ,G.(2011). *Intelligent Business Coursebook*. Pearson Longman.p.4.

- 5) Listen! That man Spanish.
- 6) Brabara speaking. Who, please?
- 7) My colleagues how to make interactive activities right now.
- 8) Dell and HPcomputers around the world.
- 9)you.....more money in research and development this year?
- 10) This time, weour advertising campaign on the young.
- 11) Oh no! My printer(not) properly. I'll ask a technician.

Activity 02: All these sentences are wrong. Correct the mistakes (There may be more than one mistake in each sentence).

- 1) My job consist in answering phone calls.
.....
- 2) Do you read that book at the moment?
.....
- 3) I am wanting to deal of my email before I leave.
.....
- 4) Her job involve to travel around the world.
.....
- 5) I usually am involved on new projects.
.....

Activity 03: Choose the right answer.

1. You need to talk to Bob. He deals new contracts
 - a) of
 - b) with
2. The main part of his job of phoning their customers
 - a) takes part
 - b) consists
 - c) involves
3. We are using a new to do part of our work
 - a) subcontractor
 - b) employee
 - c) supplier
4. We are 400 members of at the moment
 - a) staff
 - b) employees
5. at weekends?
 - a) Do you work
 - b) Are you working
6. Where is Sam today? He a new supplier
 - a) visits
 - b) is visiting