



對外經濟貿易大學  
UNIVERSITY OF INTERNATIONAL BUSINESS AND ECONOMICS

## *Unit 3*

# Making Economic Sense

## 解读经济

# ✓ Learning objectives

- In this unit students will learn words and expressions related to various economic indicators.
- Students will be able to use economic indicators to talk about economic situations.

# Background reading

## Notes:

- 1. suite 包厢
- 2. stands 看台
- 3. preside over 掌管，领导，管理。 The city council is presided over by the mayor. The present director has presided over a rapid decline in the firm's profitability.
- 4. autograph 亲笔签名
- 5. the Fed the Federal Reserve System, 美国联邦储备体系，美联储，在美国，由12家地区联邦储备银行组成美国的中央银行权利机构，由位于华盛顿的强有力的联邦储备董事会集中控制，现在已变得颇似一个政府部门。
- 6. step down 辞职，让位给别人
- 7. expire 结束，期满，终止。 Our present lease on the flat expires next month. When does your driving license expire?

8. retreat 撤退，退却。 He retreated from the public's eye.
9. verdict 裁决，决定，意见。 My wife's verdict on my cooking was very favourable.
10. distill 吸取，提取。 These are useful advice distilled from a lifetime's experience.
11. liquidity 流动性，清偿能力
12. fare 进展，过日子。 How did you fare while you were abroad?
13. Paul Volcker 1979-1987期间任美联储主席，为治理严重的通货膨胀，他连续三次提高官方利率，实施紧缩的货币政策。这一政策的结果是美国出现高达两位数的官方利率和20%的市场利率，短期实际利率(扣除通货膨胀后的实际收益率)从1954年—1978年间平均接近零的水平，上升到1980年—1984年间的3%—5%。

14. cement 加强，巩固。 cement a friendship
15. Mervyn King 英国央行(Bank of England)行长、通胀目标政策最早的倡导者之一，他认为任何成功的货币政策框架，必须将通胀目标和对震荡的回应结合起来。
16. John Maynard Keynes 约翰·梅纳德·凯恩斯 (John Maynard Keynes, 1883—1946) 英国人，是20世纪上半叶一位才智横溢的理论创新者，当时最杰出的政治经济学家，宏观经济学的奠基人，布雷顿森林体制的缔造者之一。

17. Alfred Marshall 阿尔弗雷德·马歇尔（1842—1924），近代英国最著名的经济学家，新古典学派的创始人，19世纪末和20世纪初英国经济学界最重要的人物。马歇尔的最主要著作是1890年出版的《经济学原理》。该书在西方经济学界被公认为划时代的著作，也是继《国富论》之后最伟大的经济学著作。
18. obituary 讣告
19. anecdotal 逸事的，逸闻的
20. Carnegie Mellon University 美国宾州的一所大学，创建于1900年，它的计算机科学，工程学和商业专业比较有名。

# Answer to comprehension questions:

- The audience gave Alan Greenspan a hero's welcome.
- The public highly praised Alan Greenspan's response to "Black Monday" because his decision had eased the public's worries.
- The challenge for his successor will be to match Mr. Greenspan's record of getting the big calls right, i.e. to make a proper response to major economic crisis.
- Alan Greenspan has the rare combination of gifts: mathematician, historian, statesman, philosopher.

# Part A

## First listening: listen for the gist

- What is the main idea of news item one?--The surprise increase in UK consumer price inflation during August raises a distributing question.
- What is the main idea of news item two?--A proposed amendment raising the threshold at which personal income is levied has met with a mixed response from national legislators in China.
- What is the main idea of news item three?--A group of small EU countries are seeking to water down some of the key proposals in G8 debt relief deal agreed last week by G8 leaders at Gleneangles, leaked documents have revealed.



- What is the main idea of news item four?--Crude oil prices hit a record 68 dollars a barrel after the US reported a decline in petrol stocks and China said its crude imports spiked in July, as strong demand on the mainland shows no signs of easing. Front-month October contracts on the New York Mercantile Exchange touched 68 dollars a barrel mid-morning in Singapore before easing slightly to 67.76, a gain of 44 cents from Wednesday's closing in New York. On an inflation-adjusted basis, oil prices would need to hit about 90 dollars a barrel to match the highs of 25 years ago.
- What is the main idea of news item five?--The FTSE 100 Index was in the red for the third consecutive session as traders fretted over sharp falls in stocks across the Atlantic.

# Second listening: listen for specific information

- In this part the teacher has great freedom and flexibility to ask students questions, to clarify any difficult language points, to add in supplementary materials as background knowledge or in-depth understanding of the listening materials.
- Notice the following expressions.  
Dilemma, stick, threshold, levy, water down, spike, hit
- Ask students to do multiple matching exercise and blanks filling exercise. Compare answers. Explain the keys.

# Third listening: sentences imitation

- Ask students to use the following active vocabularies to form sentences as what they have heard from listening (Dictate then remember).
- 1. dilemma-- Could the Bank of England face a similar policy dilemma to that of the European Central Bank.
- 2. stick-- Confronted by sticky consumer price inflation, the ECB has felt unable to cut interest rate for more than two years.
- 3. threshold-- While welcoming the amendment in principle, many members of the Standing Committee of the 10th National People's Congress, China's top legislature called for the threshold to be raised even higher to benefit more low earners.

4. levy-- A proposed amendment raising the threshold at which personal income is levied has met with a mixed response from national legislators in China.
- water down-- A group of small EU countries are seeking to water down some of the key proposals in G8 debt relief deal agreed last week by G8 leaders at Gleneangles, leaked documents have revealed.
- spike-- Crude oil prices hit a record 68 dollars a barrel after the US reported a decline in petrol stocks and China said its crude imports spiked in July, as strong demand on the mainland shows no signs of easing.
- hit-- On an inflation-adjusted basis, oil prices would need to hit about 90 dollars a barrel to match the highs of 25 years ago.

# Part B

## First listening: listen for the gist

- What is the main idea of this listening?

The passage mainly discusses how the Fed deals with “exuberance” with the interest rate policy, and experiences of Alan Greenspan in this respect.

## Second listening: listen for specific information

- In this part the teacher has great freedom and flexibility to ask students questions, to clarify any difficult language points, to add in supplementary materials as background knowledge or in-depth understanding of the listening materials.
- Notice the following expressions.  
irrational exuberance, burst a bubble, unsustainable surge, core mandate, “mopping up” strategy, substantial economic contraction, froth, sanguine, consumption binge
- Ask students to fill in the blanks. Compare answers.
- Ask students to answer the following questions. Compare answers. .

# Third listening: sentence imitation

■ Ask students to use the following active vocabularies to form sentences as what they have heard from listening (Dictate then remember).

1. irrational exuberance -- In December 1996, when Alan Greenspan made his famous comment on the possibility of “irrational exuberance” in stock prices, the Dow Jones industrial average stood at 6,400.
2. burst a bubble -- The Fed should not try to burst a bubble by raising interest rate when the outlook does not demand it.
3. unsustainable surge -- Mr. Greenspan’s view is based partly on the difficulty, for central bankers, of spotting the difference between an unsustainable surge in prices based on speculation and a sustainable one based on fundamentals.

4. core mandate -- If a market shift threatens the core mandate, its job is to deal with the consequences.
5. “mopping up” strategy -- Alan Blinder, the Princeton professor who is giving a paper on the Greenspan era at this week’s Jackson Hole symposium, calls this *the Fed’s “mopping up” strategy*.
6. substantial economic contraction -- It is far from obvious that bubbles, even if identified early, can be pre-empted at lower cost than a substantial economic contraction and possible financial destabilization – the very outcomes we are seeking to avoid.
7. froth -- Part of the next Fed chairman’s inheritance will be a housing market that Mr. Greenspan has said is showing signs of “froth” in a number of cities.



8. sanguine -- Henry Kaufman, the Wall Street economist, believes the FOMC is too sanguine.
9. consumption binge -- The Fed's assurances that it will raise rates at a "measured" pace have contributed to a household debt-financed consumption binge and to speculative activity by investors.

# Part C

## First listening: listen for the gist

- What is the main idea of this listening?

Although the world economy faces dangers, traditional policy instruments seem unable to get rid of them.

# Second listening: listen for specific information

- In this part the teacher has great freedom and flexibility to ask students questions, to clarify any difficult language points, to add in supplementary materials as background knowledge or in-depth understanding of the listening materials.

- Notice the following expressions.

record surpluses, underlying structural factors, demographic trends, dearer, dampen, trim, cooling, jam, equilibrating force, curb, anchor, service, broken circuit, sluggish, sprinters, arguably

- Ask students to do the T/F exercises. Ask them why the statements are true or false..
- Ask students to answer the questions and make comments.

# Third listening: sentence imitation

- Ask students to use the following active vocabularies to form sentences as what they have heard from listening (Dictate then remember).
- 1. record surpluses -- America's current-account deficit is forecast to widen to over \$800 billion this year, while Germany, Japan and China look set to run record surpluses.
- 2. underlying structural factors -- Many economists try to explain these trends in terms of underlying structural factors, such as differences in demographic trends or productivity growth.

4. demographic trends -- Many economists try to explain these trends in terms of underlying structural factors, such as differences in demographic trends or productivity growth.
5. dearer -- Dearer money then helps to dampen domestic spending and thus trim the external deficit.
6. dampen -- Dearer money then helps to dampen domestic spending and thus trim the external deficit.
7. trim -- Dearer money then helps to dampen domestic spending and thus trim the external deficit.
8. cooling -- Real bond yields rose, cooling domestic demand.

9. jam -- This time, however, the adjustment mechanism has jammed.
10. equilibrating force -- Patrick Artus, chief economist at IXIS, a French investment bank, points to the disappearance of another equilibrating force that would normally help to correct financial imbalances.
11. curb -- In the past, a rapid rise in consumer borrowing and spending would cause a central bank to push up interest rates to curb inflation.
12. anchor -- Inflationary expectations are well anchored thanks to the credibility of central banks.

13. service -- As a result, central banks have been able to hold interest rates below the growth in nominal GDP (the income from which debts must be serviced) for a prolonged period.
14. broken circuit -- A third broken circuit is that between interest rates and growth
15. sluggish -- Sluggish economies with low inflation require lower real interest rates than economic sprinters
16. sprinters -- Sluggish economies with low inflation require lower real interest rates than economic sprinters.
17. arguably -- Yields are arguably too low for America, but too high for Germany and Japan, causing the growth gap to persist.