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Faculty of Economics, Commerce and Management Sciences
Basic Education Department
Foreign Language 2 (English)
(2nd Semester)



LESSON 01

Introduction to Economics



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Why do we need to study Economic Terms ?

Economics can be a complicated subject but, by understanding the fundamental definitions of economic terms, we can start to get a sense of why economic changes happen, what drives the economy, and how they affect our daily life.

What is the difference between Economy and Economics?

“Economy” refers to the system of production, distribution, and consumption of goods and services, while **“Economics”** is the academic discipline that studies the principles and theories behind economic activities.

Key definition:

Economics is a social science that focuses on the production, distribution, and consumption of goods and services. The study of economics is primarily concerned with analyzing the choices that individuals, businesses, governments, and nations make to allocate limited resources.

01- Basic Economic Terms:

Term	Translation Ar	Term	Translation Ar	Term	Translation Ar
Analysis	تحليل	Effective	فعال	Inputs	مدخلات
Average	متوسط / معدل	Efficiency	فعالية	Interest	فائدة
Behavior	سلوك	Elasticity	مرونة	International	دولي
Budget	ميزانية / موازنة	Employment	توظيف / عمالة	Investment	استثمار
Buyer	المشتري	Entrepreneur	مقاول	Labor	عمل
Capital	رأس المال	Equilibrium	توازن	Land	أرض
Choice	اختيار	Expectations	توقعات	Law	قانون
Classical	كلاسيكي / تقليدي	Factors	عوامل	Luxury	كراهية
Coefficient	معامل	Fixed	ثابت	Macroeconomics	اقتصاد كلي
Complementary	مكمل	Floor	أرضية	Marginal	حدّي / هامشي
Consumer	مستهلك	Function	دالة	Market	سوق
Cost	تكلفة	Goods	سلع	Microeconomics	اقتصاد جزئي
Curve	منحنى	Hand	يد	Money	نقد
Customer	زبون	Hierarchy	هرمية	Monitoring	مراقبة
Customs	جهازك	Human	بشري	Natural	طبيعي
Demand	طلب	Income	دخل	Necessary	ضروري
Diminishing	تناقص	Individual	فردى	Needs	حاجات
Distribution	توزيع	Inelastic	غير مرّن	Normal	عادي



01- Basic Economic Terms:



Term	Translation Ar	Term	Translation Ar	Term	Translation Ar
Opportunity	فرصة	Saturation	تشبع	Theory	نظرية
Point	نقطة	Scarcity	ندرة	Total	كلي
Possibility	امكانية	Schedule	جدول / رزنامة	Types	أنواع
Preference	تفضيل	Seller	بائع	Unitary	وحدوي
Price	سعر	Services	خدمات	Utility	منفعة
Problem	مشكلة	Shift	يحرك	Variable	متغير
Producer	منتج	Short-run	الهدى / الأجل القصير	Wage	أجر
Production	إنتاج	Side	جانب	Welfare	رفاهية
Profit	ربح	Situation	وضع / حالة		
Quantity	كمية	Subsidies	إعانات		
Ranking	ترتيب / تصنيف	Substitute	بديل		
Rationality	عقلانية	Summary	خلاصة		
Relationship	علاقة	Supply	عرض		
Rent	رئع	Surplus	فائض		
Resources	موارد	Taxes	ضرائب		
Return	غلة / عائد	Technology	تكنولوجيا		
Sacrifice	تضحية	Terms	مصطلحات		

Some Definitions:



<i>Term</i>	<i>Definition</i>
<i>Consumer Behavior</i>	The study of individuals, groups, or organizations and all the activities associated with the purchase, use and disposal of goods and services.
<i>Budget</i>	An estimation of revenue and expenses over a specified future period of time and is usually compiled and re-evaluated on a periodic basis.
<i>Capital</i>	Anything that confers value or benefit to its owners, such as a factory and its machinery, intellectual property like patents, or the financial assets of a business or an individual.
<i>Hierarchy</i>	A system in which people or things are put at various levels or ranks according to their importance.
<i>Macroeconomics</i>	A branch of economics that studies the behavior of an overall economy, which encompasses markets, businesses, consumers, and governments. Macroeconomics examines economy-wide phenomena such as inflation, price levels, rate of economic growth, national income, gross domestic product (GDP).
<i>Microeconomics</i>	The social science that studies the implications of incentives and decisions, specifically how those affect the utilization and distribution of resources on an individual level.
<i>Market</i>	A market is a place where parties can gather to facilitate the exchange of goods and services. The parties involved are usually buyers and sellers.
<i>Needs</i>	Physiological or psychological requirement for the well-being of an organism
<i>Rent</i>	Guaranteed income for a long period of time. In economic theory, rent is the income generated by a natural factor due to the technical characteristics of this factor
<i>Scarcity</i>	Scarcity is a fundamental economic problem of humans having unlimited wants and needs in a world of limited resources.
<i>Subsidies</i>	A subsidy is a benefit given to an individual, business, or institution, usually by the government. It can be direct (such as cash payments) or indirect (such as tax breaks).

Exercise:

Complete the following sentences using the economic terms below:

Production - Entrepreneur - Customs - Distribution - Price - Taxes - Wage - Rationality

- | | | |
|----|--|---------------------|
| 01 | An authority or agency in a country responsible for collecting tariffs and for controlling the flow of goods | Customs |
| 02 | The action of manufacturing from components or raw materials | Production |
| 03 | The amount of money expected, required, or given in payment for something. | Price |
| 04 | A regular amount of money that you earn, usually every week or every month, for work or services. | Wage |
| 05 | A person who sets up businesses, taking on financial risks in the hope of profit. | Entrepreneur |
| 06 | the action of sharing something out among a number of recipients. | Distribution |
| 07 | The quality of being based on or in accordance with reason or logic | Rationality |
| 08 | Money that you have to pay to the government so that it can pay for public services | Taxes |



02- The Business Cycle:

2-1 What is a Business Cycle?



A **business cycle** is a cycle of **fluctuations** in the Gross Domestic Product (**GDP**) around its long-term natural **growth rate**. It explains the **expansion** and **contraction** in economic activity that an economy experiences over time.

A business cycle is completed when it goes through a single **boom** and a single **contraction** in sequence. The time period to complete this sequence is called the **length of the business cycle**.

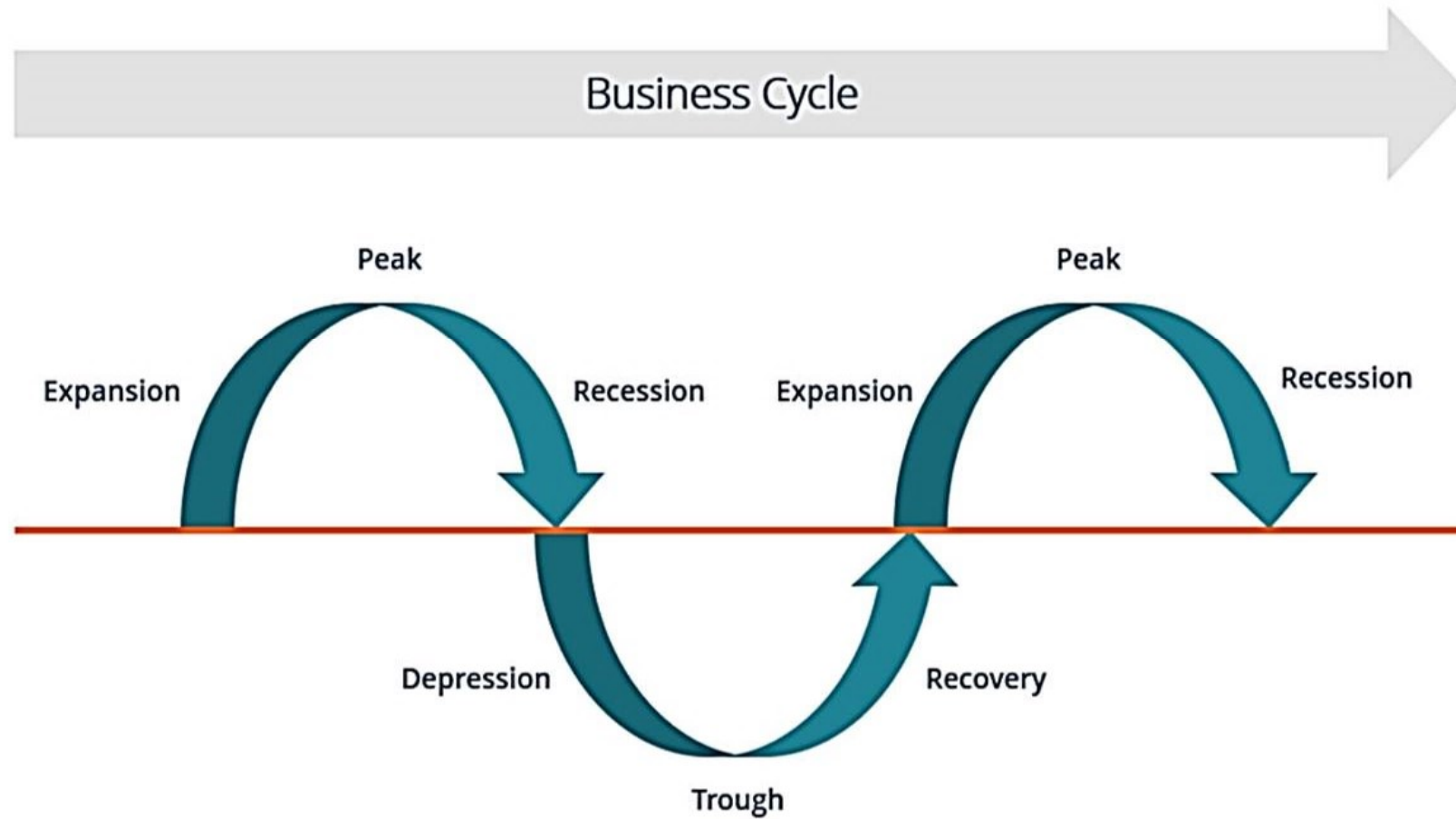
A **boom** is characterized by a period of rapid economic growth, whereas a period of relatively stagnated economic growth is a **recession**. These are measured in terms of the growth of the real GDP, which is inflation-adjusted.

Gross domestic product (GDP) is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period.

Growth rates refer to the percentage change of a specific variable within a specific time period. Growth rates can be positive or negative, depending on whether the size of the variable is increasing or decreasing over time.

Recession is a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in production, employment, real income, and other indicators.

2-2 Stages of the Business Cycle:



2-2-1 Expansion:

In this stage, there is an increase in positive economic indicators such as employment, income, output, wages, profits, demand, and supply of goods and services. **Debtors** are generally paying their **debts on time**, the velocity of the money supply is **high**, and **investment is high**. This process continues as long as economic conditions are favorable for expansion.

2-2-2 Peak:

The economy then reaches a saturation point, or peak, which is the second stage of the business cycle. The maximum limit of growth is attained. The economic indicators do not grow further and are at their highest. Prices are at their peak. This stage marks the reversal point in the trend of economic growth. **Consumers tend to restructure their budgets at this point.**

2-2-3 Recession:

The recession is the stage that follows the peak phase. The demand for goods and services starts declining rapidly and steadily in this phase. **Producers do not notice the decrease in demand instantly and go on producing**, which creates a situation of **excess supply** in the market. **Prices tend to fall**. All positive economic indicators such as income, output, wages, etc., consequently start to fall.





2-2-4 Depression:

There is a **commensurate rise in unemployment**. The growth in the economy continues to **decline**, and as this falls below the steady growth line, the stage is called a depression.

2-2-5 Trough:

In the depression stage, the economy's growth rate becomes negative. There is further decline until the prices of factors, as well as the demand and supply of goods and services, **contract to reach their lowest point**. The economy eventually reaches the trough. **It is the negative saturation point for an economy**. There is extensive depletion of national income and expenditure.

2-2-6 Recovery:

After the trough, the economy moves to the stage of recovery. In this phase, there is a turnaround in the economy, and it begins to recover from the negative growth rate. Demand starts to pick up due to low prices and, consequently, supply begins to increase. The population develops a positive attitude towards investment and employment and production starts increasing.

Recovery continues until the economy returns to steady growth levels.

3- The Deferent Sectors of Economy

3-1 Economic Sectors Definition:

Consider some of the **several activities** performed to enable you to utilize the **smartphone or the laptop** you are currently using. First, **miners** had to **harvest minerals** from the Earth to make several of the device's components. Later, **manufacturing workers** converted these minerals into electronic components like computer chips. The product was then **delivered** to you and other customers by a variety of **service employees**, including delivery truck drivers. Before your equipment was ever manufactured, **professionals** working in **product development** at the electronics business **designed** how it would function and seem. Then there are the **company's senior executives** who make significant and costly judgments. Each form of work mentioned above is one example of a job from a **different economic sector**.



An economic sector is a segment of the economy that focuses on a certain type of economic activity.

3-2 Economic Sectors Classification:



Sector	Activity
Primary Sector	Work in the primary sector generates raw materials and agricultural products. It covers jobs in farming, mining, fishing, and forestry.
Secondary Sector	Secondary sector employment entail converting basic resources and raw materials into more value manufactured goods. Typically, these activities are done in factories.
Tertiary Sector	Tertiary sector occupations do not include the production of goods, but rather the provision of services to others. This might be everything from a cab driver to a nurse.
Quaternary Sector	The majority of occupations in this sector are service-related, although they demand more knowledge and experience than tertiary professions. Information technology specialists, stock brokers, and product developers are among those represented.
Quinary Sector	This sector often includes government officials, senior executives from big firms, and research scientists, as well as the police, military, and even non-profit organizations or charities.