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ENGLISH FOR ECONOMISTS

TEXTOS Y EJERCICIOS

Felicity Williams Daniel
Gabriela Cortés Sánchez



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 **AZCAPOTZALCO**
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Felicity Williams Daniel,
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INTRODUCCIÓN

■ En el año 2001 entraron en vigencia las adecuaciones a los planes y programas de la licenciatura en Economía. Uno de los aspectos medulares en las adecuaciones fue la inserción del idioma inglés como una UEA obligatoria. La motivación para incluirlos en el plan de estudios fue proporcionar a los alumnos una herramienta adicional para enfrentar el mercado de trabajo que tanta competencia presenta en el mundo globalizado.

Se consideró que impartir tres cursos de inglés básico, les permitiría reconocer su capacidad para poder continuar estudiando inglés (u otro idioma) –si así lo desean– a través de la infraestructura que ofrece el Centro de Estudios de Lenguas [CELEX], de la Unidad Azcapotzalco y así llegar al mismo tiempo que terminan su carrera, a poseer el nivel de dominio de inglés solicitado por diferentes sectores del gobierno, empresas, otras universidades nacionales, y organismos internacionales que ofrecen becas en el extranjero.

No obstante, después de un año de seguimiento se ha considerado necesario desarrollar la habilidad de comprensión de lectura de los alumnos a través de textos en inglés sobre diferentes aspectos de la Economía. Por esta razón, se ha elaborado este primer cuadro docente que contempla algunos temas selectos de la Economía con preguntas y diversas tareas que fomentan el uso de diferentes estrategias de lectura.

A. Felicity Williams D., Profa. del Depto. de Economía

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ECONOMICS: (a general description)

■ Economics is the study of human behaviour in using resources to satisfy wants. It is concerned with such subjects as methods of organizing the production of goods and services, methods of distribution of the products, and the sharing of the products.

The name is derived from the Greek words *oikos* (house) and *nemien* (to manage). In a self sustaining family like that in Greece in primitive times or that of early American pioneers, the members of the household did their own building, tilled the land, prepared their own food and made most of their own clothing. Managers of households therefore strove to use the available woods, stone, fields, water, and whatever domestic animals the family possessed. Successful management involved applying an efficient way, choosing for each task the worker best fitted for it, obtaining the best possible tools and other equipment, dividing the product fairly and according to the requirements of the individual concerned and saving something for possible future need.

The same problems characterize the economic practices of larger units, such as cities, nations or groups of nations. Allocation of scarce resources (that is, resources of which there is not enough to satisfy all demands for products derived from them) in such a way as to meet needs in the order of their importance; production and distribution by the most efficient methods; and fair distribution of the product are recognized by economists as desirable aims of economic policy. Economic writings include not only observation of actual practices, and meaningful analysis of their operation, but judgments concerning the effectiveness of various systems or policies in satisfying wants.

Since economic behavior is only one aspect of human behavior, economics is allied with other behavioral or social sciences. Economics is closely linked with political science, since the State or government is itself an important economic unit and exercises much influence over the transaction of groups and individuals. Psychology, sociology, and anthropology are relevant because economists often discuss motives or incentives for economic behavior, and because the influence of particular cultures on economic behavior patterns



WHAT IS DEVELOPMENT?

■ “Development never will be, and never can be, defined to universal satisfaction. It refers, broadly speaking to desirable social and economic progress, and people will always have different views about what is desirable.” This comment from the **Brandt Report** sums up the essence of the controversy in the notion of development. It must, by definition, mean progress, but this implies a value judgment, and what constitutes an improvement varies considerably according to views and ideology. Having defined development as “a process of improvement with respect to a set of values”, authors Colman and Nixon come to the conclusion that “the rate or the relative level of a country’s development are normative concepts whose definition and measurement depend upon the value judgements of the analysts involved”. [They] also point out what is widely supported among social scientists today: [that] “value judgements are inescapable elements of factual study in the social sciences”. This problem, therefore, should by no means be a stumbling block to further analysis, but should serve to keep us alert to ideological frameworks within which judgements are made. Moreover, despite different viewpoints, there is often considerable agreement over the major goals of development.

Some objectives for development which would probably meet with widespread acceptance are:

- 1) Family incomes should be sufficient to at least provide food, shelter, and clothing at subsistence level;
- 2) Jobs should be available to all family heads;
- 3) Education and literacy rates should be raised;
- 4) The people should be given the opportunity to participate in government;

These objectives cover economic factors necessary for survival, cultural factors relating to the satisfaction of non-material needs, and political factors allowing for the greater involvement of people in the running of their own affairs.

(Texto basado sobre Latin American Society, de T. Cubbit)

EJERCICIO

Sobre el texto: *"WHAT IS DEVELOPMENT?"*

VOCABULARIO:

Explique, en español, lo que significan las siguientes palabras, o expresiones.

Broadly speaking a stumbling block framework
Widespread alert viewpoint

ANOTE : si las siguientes oraciones son verdaderas (V), o falsas(F).

- (1) Hay una relación entre los juicios de valor y los estudios objetivos/científicos. ()
- (2) Los juicios de valor son un impedimento/obstáculo para el análisis económico. ()
- (3) Toda persona debería poder encontrar un empleo. ()
- (4) No existe ninguna relación entre la cultura y el desarrollo económico. ()

CONTESTE, en español, y de manera breve, las 2 siguientes preguntas:

- (5) ¿Por qué no hay acuerdo universal sobre cómo definir el concepto de desarrollo?
- (6) Enuncie un factor político importante que el texto asociacon el desarrollo económico.

SUSTAINABLE DEVELOPMENT

■ Since the 1980s, sustainable development has evolved into a complex, multifaceted concept that seeks to balance economic growth, environmental protection, social equity, and citizen participation in decision-making. Economic growth is necessary for political stability and for raising standards of living, which, in developing countries, means poverty reduction. Poverty alleviation is thought to have positive effects on the environment because poor people put great strains on natural resources, pasture, water, and forests. Yet economic growth alone will not suffice to restore environmental quality or to cover the livelihood concerns of impoverished people.

With respect to environmental quality, the consequences of economic growth (health hazards of pollution, climate change, biodiversity loss, and resource scarcity) can no longer be ignored by treating them as externalities. The costs of those consequences must be incorporated into economic decision-making. Where natural renewable resources are concerned, environmental economists have cultivated the concept of sustained-yield use. This means that a resource's rate of use (fish, timber, or animals, for example) should not exceed the rate of replacement. The minimum goal is to keep stocks of resources constant; ideally, they would also increase over time, adding to a country's capital stock.

Nature protection and ecosystem management have become increasingly important components of sustainable development, especially after the signing of the biodiversity convention at the **Rio Earth Summit** in 1992. Environmentalists stress that ecosystems perform numerous environmental services. Forests, for example, help to control greenhouse gases by capturing and storing CO₂; they are crucial for watershed stability, constrain soil erosion, and provide habitat for flora and fauna. These environmental functions also have value, though they may be difficult to quantify. Thoughtlessly destroying them may adversely affect human health and welfare, for natural systems protect us, and the maintenance of biodiversity is crucial to ensure the well-being of future generations.

Moreover, growing awareness exists -especially in developing countries- that parks isolated from people do not provide a workable solution for biodiversity conservation. The livelihood needs of rural populations put pressure on parks. Thus conservationists are

beginning to emphasize land-use planning around protected areas, in which mixed-use zones, surrounding parks, buffer core areas from further encroachment. The incorporation of local people into park management dovetails with the goals of meeting basic needs and community participation in sustainable development.

(Texto basado sobre, Silva, E., "Lessons on Sustainable Development from Costa Rica's Forests in *The Challenge of Change in Latin America and the Caribbean*, (edit. J. Stark).

EJERCICIO

Sobre el texto "*SUSTAINABLE DEVELOPMENT*".

VOCABULARIO:

Explique, en español, el significado de las siguientes palabras o expresiones.

Hazards	strains	suffice	watershed
Buffer core areas	encroachment	dovetails	

ANOTE: si las siguientes oraciones son verdaderas (V), o falsas (F).

(1) "Parks are sufficient protection against environmental encroachment." ()

(2) "Biodiversity means people live better." ()

ELABORE: contestaciones completas, en español, a las siguientes preguntas.

(3) Según el texto: ¿Por qué sería importante el concepto de "**sustainable development**"?

(4) ¿Por qué dice el autor que: el agotamiento de los recursos naturales y la pobreza están relacionados?

(5) ¿Considera usted que las decisiones acerca de la ecología en relación a la economía, deberían ser tomadas sólo por expertos?

ADAM SMITH AND THE CONCEPT OF DIVISION OF LABOUR

■ The central focus of Smith's analysis was stated clearly in the full title of his work: *An Inquiry into the Nature and Causes of the Wealth of Nations*. Put in more modern terms, he was concerned with developing a theory of economic growth.

Smith announced his major explanation for economic growth in the early pages of his work with a phrase that has since become the stock-in-trade of economists 'the division of labour'. [However], this expression has a deceptive simplicity. Smith employed it in two quite distinct senses. The first referred to the specialization of the labour force accompanying economic advance that brought with it the 'greatest improvement in the productive powers of labour, and the greater part of the skill, dexterity, and judgement, with which it is anywhere directed, or applied . . .' The full benefits of the progressive sub-division of tasks were available however, only to a society in which production for exchange could take place. The capacity of a subsistence economy to generate these output-raising innovations and adaptations was severely restricted. From these considerations it followed that the division of labour was limited by the 'extent of the market', and that measures widening the market -whether geographically (e.g. through improvements in transport and communication), or economically (e.g. through the removal of restraints on trade)- were in the general interest.

Smith's interpretation of 'the division of labour' was not confined to job specialization. It also referred to the division of the labour force between those 'employed in useful labour . . . and those not so employed'. The 'division of

labour' in this second sense -which referred to the allocation of the labour force between various lines of employment- played an important role in his analysis of capital accumulation and of the 'progress of improvement' (as Smith was often to describe economic growth). The distinction he had in mind is one which modern readers are likely to find perplexing. Nowadays economists are reluctant to stand in judgement over particular types of jobs, declaring some to be 'productive' and others to be 'unproductive'. They prefer to follow the market's guide-

lines by regarding labour as productively employed whenever there is a buyer for its services; in short, the gainfully employed population is by definition productive.

(Texto basado sobre Barber, W.J., *A History of Economic Thought*.)

EJERCICIO

Sobre el texto "ADAM SMITH":

VOCABULARIO:

Explique, en español, el significado de las siguientes palabras, o expresiones.

Stock-in-trade deceptive simplicity skill
Stand in judgement guidelines gainfully employed
Out-put raising innovations

ANOTE: si la siguientes oraciones son verdaderas (V), o falsas (F).

(1) Una economía de autoconsumo produce la especialización de la mano de obra. ()

(2) Para Smith, las restricciones al comercio eran benéficas para la población como un todo. ()

CONTESTE en español, y de forma breve, las 2 siguientes preguntas.

(3) ¿Por qué dice el autor del texto que Smith emplea el término *división de trabajo* de 2 maneras?

(4) ¿Por qué existen diferencias entre Smith y los economistas de ahora en cuanto a la definición del concepto *productivo*?

JOHN MAYNARD KEYNES (1883-1946)

■ Keynes' principal work focused on one central issue: the determination of levels of national income and employment in industrial economies, and the cause of economic fluctuations. Earlier schools of economic thought had given little systematic attention to this problem. The classicists were too preoccupied with questions of long-period economic growth to concern themselves directly with short-period instability; in any event -apart from the postNapoleonic war years- the matter was not of mayor significance in their day and age. Marx came closer to Keynesian concerns but his work was always overlaid with the pre-judgement that the downfall of capitalism was inevitable; in his view widespread fluctuations were the result of an incurable malignancy within the capitalist system. Though some neo-classical writers made reference to 'industrial fluctuations' and to the 'inconstancy of employment', they were far more interested in the forces influencing output in particular markets than in those governing the output of the economy as a whole. Moreover, they were persuaded that full employment was the long-run equilibrium position toward which the economy naturally gravitated and their analysis was built on this premise.

Even before his doubts about neo-classical presuppositions had crystallized, Keynes was suspicious of this attitude -'in the long run' he observed, 'we are all dead'. As his thought took shape in the **General Theory**, economic analysis was reconstructed to bring short-period aggregative problems to the center of the stage. The micro-economic questions around which the neo-classical tradition had been organized were pushed toward the wings. At the same time Keynes was at pains to dissociate his position from the Marxist contention that capitalism was doomed. The essentials of the system, he maintained, could be preserved if reforms were made in time. An unregulated capitalism, however, was incompatible with the maintenance of full employment and economic stability.

EJERCICIO

Sobre el texto sobre "J.M.KEYNES":

VOCABULARIO:

Explique, en español, el significado de las siguientes palabras, o expresiones.

Long-period economic growth overlaid widespread
Incurable malignancy pushed toward the wings

ANOTE: si las siguientes oraciones son verdaderas (V), o falsas (F).

- (1) A los economistas de la escuela clásica sólo les interesaban problemas económicos de corto plazo. ()
- (2) Keynes estaba parcialmente de acuerdo con el pensamiento de la Escuela Clásica. ()

CONTESTE: en español, y de manera breve, las 4 siguientes preguntas.

- (3) ¿Cuál fue el concepto fundamental sobre el que los economistas clásicos construyeron su análisis?
- (4) ¿Cuál es una diferencia entre el pensamiento de Keynes, y el de Marx?
- (5) ¿Qué piensa usted que Keynes quería decir con: "in the long run we are all dead."
- (6) ¿Por qué estaba Keynes en contra de un capitalismo sin reglas? Hoy en día hablamos de un capitalismo salvaje.

FIFTY YEARS AFTER BRETTON WOODS. The future of the IMF and the World Bank, (Proceedings of a conference in Madrid, sept.29-30, 1994).

■ . . . the essential purpose of the international monetary system is to provide a framework that facilitates the exchange of goods, services, and capital among countries,

and sustains sound economic growth. A principal objective is the continuing development of the orderly underlying conditions that are necessary for financial and economic stability . .

(IMF, *Articles of Agreement, Article IV, Section 1*).

These words in the IMF Articles of Agreement provide a vision for the IMF's surveillance role: a role that continues to be appropriate today. Yet the vision of a world of efficient markets, sustained growth, and financial stability has not been realized. Fifty years after the Bretton Woods agreement, the institutions exist in a paradoxical and volatile world. It is one in which the growing interdependence of national economies implies the need for effective surveillance. Yet the world is also one in which the significance and credibility of national governments and intergovernmental institutions appear to be declining before a proliferation of interest groups at home and multinational firms and financial institutions pursuing their interests abroad.

The effect of these paradoxes is apparent in three aspects of surveillance.

First: the preconditions for successful surveillance and policy coordination are increasingly difficult to meet because of the role that domestic interest groups play, particularly in fiscal policy formation.

Second: the perennial debate about exchange rate arrangements needs to be recast in the light of developments in international business and finance.

Third: capital flows, freed by regulatory changes and technological innovation, are now so large and swift that markets, rather than international financial institutions, have become a major source of discipline on domestic policies. Yet surveillance still has a key role to play in providing advice on good policy that will sustain economic growth and promote stability; surveillance also still faces a chal-

lenge to adapt the process to take advantage of, rather than to be at the mercy of, interest groups.

[Let us consider] some of the changes in the world economy that affect the transmission of economic policies across national boundaries and therefore, the functioning of the international trade and financial systems. One of the outstanding characteristics of many of the changes is that they are market driven. As governments have made way for the private sector to be the engine of growth, firms have gained clout as international players.

New industrial competitors have emerged from low-cost industrial bases in middle-income developing countries and the former centrally planned economies. Business strategies of multinational firms based in the industrial countries to meet the competition, to take advantage of production cost differentials, to supply goods and services in these burgeoning markets, and to overcome trade barriers and exchange rate uncertainties have contributed to surges of foreign direct investment that are deepening the links across borders. According to the UN, there are now 37,000 multinational firms with 200,000 foreign affiliates. Sales generated by foreign affiliates totaled nearly US\$5 trillion in 1991, more than the world's total exports of goods and services: (UN, **Conference on Trade and Development, 1994**). These flows of direct investment reduce the independence of governments by tying the world's economies ever closer together. Paradoxically however, such flows are a manifestation of the increased independence of multinational firms. With business units in several locations, they are better able to insulate themselves from exchange rate volatility than if they existed in only one location.

A second and similar paradox is that the ability of the international monetary system to provide a stable framework is reduced by the size and volatility of private capital flows and the emergence of multiple regional focuses of economic activity and of multiple currencies. At the same time however, the emergence of sophisticated financial management techniques, such as hedging, is increasing the ability of firms to insulate themselves from financial market volatility. (Conferencia de Ms. W. Dobson, Profa. de la Univ. de Toronto, y anteriormente asistente al Ministro Canadiense de Finanzas para La Cooperación Económica Internacional, y Supervisión de las Actividades del Grupo de los Siete).

EJERCICIO

Sobre el texto: *"FIFTY YEARS AFTER BRETTON WOODS"*.

VOCABULARIO:

Explique, en español, el significado de las siguientes palabras o expresiones.

Underlying surveillance recast challenge

Low cost industrial bases

y, (sólo en el context de esta lectura),

Sound to meet play

CONTESTE: en español, y de manera breve, las siguientes preguntas.

(1) Hacia finales del segundo parrafo, se afirma que ... "is declining".

¿Qué es lo que está perdiendo fuerza / prestigio?

(2) Según el texto: ¿Son más grandes, o menos grandes las ventas de los afiliados de las multinacionales que las exportaciones mundiales de bienes y servicios?

(3) Según el texto: ¿Por qué sería ventajoso para una multinacional tener sus actividades en lugares distintos?

(4) Según la autora de esta conferencia: ¿A qué se atribuye la incapacidad del sistema monetario internacional para mantener un contexto estable para la economía mundial?

MEGAFUSIONS

■ “During the 20th century there have been five great waves of mergers. However, these giant mergers have had an infamous record of failure. Now, the greatest merger mania in history is unraveling before our eyes. If the historical trends hold true, roughly two thirds of these newly merged giants will disappoint on their own terms, which is to say they will lose value on the stock market. The inescapable conclusion: the world economy is now littered with some US\$2 trillion in failed or failing corporate giants, and that’s from the year 2000 alone.

The buyer’s bet is that the merged company can cut costs or boost revenues by more than enough to justify the premium. It all sounds so simple: just combine computer systems, merge a few departments, use sheer size to force down the price of supplies, and the merged giant should be more profitable than its parts. Alas, it fails to work out that way more often than not. As an economist from Baruch College pointed out: ‘the theoretical argument [for mergers] is flawless. But in its implementation things go wrong.’

We can summarize the 5 merger waves as follows.

- 1) The robber barons at the turn of the 20th century created new manufacturing monopolies by going public on the fledgling New York Stock Exchange and using their shares to buy up smaller family companies;
- 2) The next merger wave rose with the stock market of the the 1920s and spread from manufacturing to banking, retailing, food and chemicals. Out of this tumult emerged both the first modern corporations like Du-Pont and General Electric, with a professional class of managers and a new industry of consultants;
- 3) The next wave didn’t arrive until the stock-market boom of the 1960s. This was a time of unbridled faith in the ‘science’ of management, which advised corporate chieftains to buy a variety of unrelated businesses to spread risk. All this would help create conglomerates of bewildering diversity, and in fact, one of these mergers came to be known as Meatball, Golf ball & Goof Ball as it dealt

in meatpacking, sports equipment and drugs. But by 1969 several huge companies, such as ITT, saw their stocks drop by as much as 50%;

4) That set the stage for the corporate raiders of the 1980s, who bought weak companies at rock-bottom prices and sold off the best parts at killer profits. At the same time the financial-services industry had evolved into an inventor and aggressive marketer of financial tools.

Accountants, consultants, bankers and lawyers stood ready to fan the next merger flame into a bonfire;

5) Their chance came in the mid-1990s. Booming worldwide markets convinced them, and company directors, that they needed to bulk up not only to compete, but to meet Wall Street expectations of double-digit growth. Deregulation in telecoms and banking got the merger game going, and it spread to pharmaceuticals and autos, media and entertainment.

Few of these mergers succeeded, and it was recently found that only 12 percent of 160 mergers in 1995 and 1996 managed to grow faster than their industry rivals in their first three years of operation. On average, revenues fell by 4 percent. "This wave looks like a carbon copy of before, just many times bigger", said Mark Sirower, an economist and author of *The Synergy Trap*. People make the same mistakes again and again."

(Texto basado sobre el artículo, "The Giants Stumble" de K. Lowry Miller, en *Newsweek*, julio 8, 2002)

EJERCICIO

Sobre "MEGAFUSIONS":

VOCABULARIO:

Explique, en español, el significado de las siguientes palabras o expresiones.

Stumble unravelling boost revenues bewildering
Unbridled faith rock-bottom prices flawless
Booming worldwide markets to bulk up fledgling

CONTESTE: en español, y de manera breve, las siguientes preguntas:

- (1) ¿Cuántos años pasaron entre la primera y la segunda ola de fusiones, y cuántos entre la segunda y la tercera?
- (2) Según el texto: ¿Cuál sería la motivación del comprador para fusionar a una, o varias empresas?
- (3) De la segunda ola de fusiones surgieron nuevas carreras:
¿Cuáles son?
- (4) ¿Cuál era la ventaja supuestamente asociada con la tercera ola de fusiones?
- (5) ¿Porqué compraron los directores de los grandes negocios, empresas con poca relación entre si en cuanto a sus actividades económicas?
- (6) ¿Cuáles han sido las características predominantes de la cuarta ola de fusiones?

GLOBALIZATION

■ “Spread of a buzzword: Innovations in language often intimate that something important is unfolding in a given historical setting. . . Until the 1980s notions of globality generally figured little in conceptions of social life. Such terminology resided at the margins of speech and meaning. In discussing world affairs, speakers nearly always invoked the vocabulary of ‘international’ rather than ‘global’ relations and, with isolated exceptions . . . the world ‘global’ was absent from the titles of publications. As recently as the mid-1980s, concepts of ‘global governance’, ‘global environmental change’, ‘global gender relations’ and ‘global political economy’ were virtually unknown. Yet now, just a few years later, ideas of globality pervade the language of journalists, politicians, bankers, advertisers, officials and researchers the world over. . .

. . in pre-global times, world social geography was a matter of scattered places: social relations involved crossing distance, as measured between points fixed in three-dimensional territorial space. Although developments in transport and communications, such as railways and postal services, had the effect of reducing time-space separations, they never eliminated distance. In contrast, in the globalized world of today people can by various means relate with one another irrespective of their longitudinal and latitudinal positions; as it were on a ‘supraterritorial’ plane. Global events can -via telecommunications, digital computers, audiovisual media, rocketry and the like- occur almost simultaneously anywhere and everywhere in the world.

. . . as the term is understood here then, globalization refers to the emergence and spread of a supraterritorial dimension of social relations. In institutional terms, the process has unfolded through the proliferation and growth of so-called ‘transnational’ corporations, popular associations and regulatory agencies. . . . globality has been realized among other things in twenty-four hour, round-the-world financial markets, whole world production lines and a host of global consumption articles. Normatively, globalization has occurred through the expansion of worldwide standards

(e.g. common scales of measurement and so-called universal human rights), as well as through non territorial networks of collective solidarity (e.g. among women, the disabled or indigenous peoples). Psychologically, globalization has developed through growing consciousness of the world as a single place, an awareness reinforced by everyday experiences of diet, music and dress, as well as by photographs from outer space showing planet earth as one location. In these ways, the rise of supra-territoriality has been comprehensive in some form, and to some degree, spanning all aspects of social relations.

[However], the preceding remarks should not be read to reflect an unbridled globalism. It is not claimed here that globalization has touched every person, location and sphere of activity on the planet, or each to the same extent; nor that globalization is a linear and irreversible process, even if it has often appeared to have a juggernaut quality*; nor, in reductionist fashion, that globalization constitutes the sole or primary motor of contemporary history; nor that territory, place and distance have lost all significance; nor that state and geopolitical boundaries have ceased to be important; nor that everyone enjoys equal access to, and equal voice in, and equal benefits from the supraterritorial realm; nor that globalization entails homogenization and an erasure of cultural differences; nor that it heralds the birth of a world community with perpetual peace. Indeed, in respect of each of these points the contrary has frequently been the case."

(De J.A. Scholte, "Beyond the Buzzword: Towards a Critical Theory of Globalization", en E. Kofman & G. Youngs, *Globalization, Theory and Practice*.)

EJERCICIO

Sobre el texto "GLOBALIZATION":

VOCABULARIO:

Explique, en español, el significado de las siguientes palabras o expresiones.

Buzzword awareness prevade spread
Reductionist fashion juggernaut quality

ANOTE: si las siguientes oraciones son verdaderas (V), o falsas(F).

- (1) La palabra globalización se ha venido usando con frecuencia desde el fin de la Segunda Guerra Mundial. ()
- (2) La globalización significa, entre otras cosas, flujos continuos de capital. ()
- (3) La globalización ha afectado a gente de todo el mundo de la misma manera. ()

CONTESTE: siempre basándose en el texto, de manera breve, y en español, lo siguiente.

- (4) Nombre 4 cosas que demuestran que la globalización sigue extendiéndose.
- (5) ¿Por qué dice el autor que: "in pre-global times . . . time-space separations" fueron reducidas, pero no eliminadas"?
- (6) Según el autor: ¿Sería el planeta tierra un solo lugar, o un lugar donde existen diferencias?

READINESS OF SMALL COUNTRIES TO PARTICIPATE IN THE FREE TRADE AREA OF THE AMERICAS: (FTAA).

■ "The evident differences that may be observed between the hemisphere's small countries on the one hand and the larger countries of Latin America on the other give rise to the conclusion that the small countries run the risk of not being able to take practical advantage of the potential benefits of their prospective membership in the Free Trade Area of the Americas (FTAA). It will thus be necessary to readjust and strengthen certain domestic policies in the small countries and, at the same time, promote decisive international cooperation efforts to substantially enhance their readiness to participate in an ambitious hemispheric integration process

The fact that most of the small countries are relatively less developed may reflect less structural readiness to benefit from FTAA. A relatively larger agricultural sector than in big countries, and a lower level of urban development have as their corollary a lower level of industrial and services development. Low export diversification with a low total value, or with a high proportion of vulnerable products such as textiles, does not facilitate their linkage with a competitive and changing hemispheric market. Appalling education and infrastructure ratings in some of these countries exacerbate the situation, demonstrating clearly the need to take their lower relative development level into account.

In order to increase their readiness for FTAA, the small countries - with varying emphasis, depending on the group of small countries in question- should give priority to reforming their tax systems in order to reduce their dependency on taxes on foreign trade; increase the amount of human and financial resources devoted to negotiation and management of matters connected with trade policy; ensure that future trade liberalization processes are implemented gradually . . . implement policies and allocate resources to improve education coverage and quality, and strengthen their science and training infrastructures in order to facilitate the assimilation of technology. It is also clear that they should continue to implement macroeconomic policies and institutional changes designed to achieve low inflation rates, stable exchange rates and higher levels of savings and reserves . . .

But, domestic policies are not sufficient to increase the readiness of the Central American isthmus, the Caribbean and

(READINESS OF SMALL COUNTRIES, Cont.):

the small South American countries. It is also indispensable to intensify intraregional cooperation in the areas of public administration, trade, finance, investment and technology . .

With regard to trade, it would be advisable to agree on an asymmetrical liberalization of agricultural and manufacturing trade with a longer transition period in smaller countries, but with well defined time limits compatible with World Trade Organization (WTO) agreements. Furthermore, reciprocal liberalization should be accompanied by rules of origin that are less strict for small economies, and also by greater assurance of access to the markets of big countries, especially for sensitive goods that constitute a significant proportion of the export offerings of the smaller economies. Making a political decision to promote multilateral as opposed to bilateral negotiation procedures with small countries could also provide vital support for the participation of these economies in FTAA.

It would also be possible to create incentives [for] intraregional investment in small countries by granting concessional credits or fiscal incentives. Another way of stimulating investment would be to convert small countries' high and sustained trade deficits into financing for public or private projects undertaken by countries with surpluses in the countries with deficits. In general, it would be appropriate to secure the active participation of the hemisphere's private sectors in the formulation and negotiation of the measures agreed upon in favour of the small countries in order to ensure the business community's commitment to these measures."

(U.N.-ECLAC (*Economic Commission for Latin America and the Caribbean*), 13 de marzo de 1996

EJERCICIO

Sobre el texto, “*READINESS OF SMALL COUNTRIES TO PARTICIPATE IN...*”:

VOCABULARIO:

Explique, en español, el significado de las siguientes palabras, o expresiones.

Enhance	linkage	appalling	ratings
Furthermore		run the risk	ensure

CONTESTE: en español, y de manera breve, las siguientes preguntas, o tareas.

(1) Numere 3 cosas que dice la **CEPAL [ECLA]**, acerca de lo que deberían hacer los pequeños países latinoamericanos para incorporarse de manera más satisfactoria al proceso de integración hemisférica.

ANÓTELAS : en orden de importancia para usted, y explique por qué seleccionó ese orden.

(2) Siempre basándose en la lectura:

¿Cuál es la diferencia entre cooperación intraregional, y cooperación hemisférica?

(3) ¿Por qué sería importante, según la CEPAL, conseguir el apoyo de la iniciativa privada para los procesos de integración?

ELABORE: en español, 2 nuevas preguntas sobre este texto

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ECONOMICS IN PERSPECTIVE: A CRITICAL HISTORY

■ “Few economists wish to reject what was accepted in their earlier education and subsequently defended and elaborated in their own teaching, writing and scholarly discourse. To abandon what they have learned and taught is to admit to earlier error; this we all resist. As we do (it may be added), the demanding thought required in accommodating to change.

Accommodation to changing reality is also resisted, as in the past, because of the desire to view economics as a science. In the academic world, where economics is taught, the standard of intellectual precision is set by the hard sciences. Economists and other social scientists, perhaps inevitably, aspire to the intellectual reputation of chemists, physicists, biologists and microbiologists. This requires that the ultimately valid propositions of economics be essentially given, like the structure of neutrons, protons, atoms and molecules. Once fully discovered, they are known forever. Unchanging also, it is held, is human motivation in a competitive market economy. Such fixed and permanent truths allow economists to view their subject as a science. [But], it is the paradox of the discipline that it is this wish to so see itself that commits economics to an obsolescence in a changing world that, by any scientific standard, is to be deplored.

Also, holding the subject to the past, and to the classical model, might be called a technical escape from reality. The central assumption of classical economics -pure competition in the market extending on from the prices of products to the pricing of the factors of production- lends itself admirably to technical and mathematical refinements. This, in turn, is tested not by its representation of the real world

but by its internal logic and the theoretical and mathematical competence that is brought to bear in analysis and exposition. From this closed intellectual exercise which is fascinating to its participants, intruders and critics are excluded (often by their own choice), as being technically unqualified. And, even more significantly, the reality of economic life is excluded, which, alas, is not, in its varied disorder, suitable for mathematical replication.

A further force that holds economics to the classical orthodoxy, and that will continue to do so, is the . . . power of economic interests. The great dialectic in our time is not, as anciently and by some still supposed, between capital and labor; it is between economic enterprise and the State. Labor and labor unions are no longer the primary enemies of the business enterprise and of those who direct its operations. The enemy (the wonderfully and dangerously rewarding role of military production apart), is government. It is government that reflects the concerns of a constituency that goes far beyond the workers: a constituency of the old, the urban and rural poor, minorities, consumers, farmers, those who seek the protection of the environment, advocates of public action in such areas of private default as housing, mass transportation and health care, and those pressing the case for education and public services in general. Some of the activities thus urged impair the authority or autonomy of the private enterprise; others replace private with public operation; all, in greater or lesser measure, are at a cost either to the private enterprise or to its participants. Thus the modern conflict between business and government.

For the defense of private enterprise against the State the commitment to the classical market is of vital importance.

If the market is broadly optimal in performance, the burden of proof lies heavily on those who urge public intervention or public regulation.

. . . avowedly conservative governments are in office in a number of the larger industrial countries, and there has been an especially strong revival of market rhetoric since Reagan in the United States, and Thatcher in Britain. This is both plausible and predictable. The market rhetoric of present-day conservatism is firmly and very effectively grounded in economic interest, the economic commitment to the classical market, its instruction and its broadly pervasive role in the public consciousness, is strongly in the service of that interest, and it has a theological quality that rises well above any need for empirical proof."

(de J.K. Galbraith, del libro con el mismo nombre)

EJERCICIO

Sobre el texto "*Economics in perspective . . .*":

VOCABULARIO:

Explique, en español, el significado de las siguientes palabras o expresiones.

Impair avowedly the burden of proof
Holding the subject to the past private default
y, de la 4ª línea del 2º párrafo, la expresión: "Is set by".

CONTESTE: basándose sólo en el texto, de manera breve, y en español, las siguientes preguntas.

- (1) ¿Cuáles serían 2 razones porque los economistas clásicos, y ciertos otros grupos socio-económicos se hayan negado a cambiar su manera de visualizar la economía?
- (2) ¿Por qué sería la vida real difícil de representar con modelos matemáticos?
- (3) ¿Qué resultado tiene visualizar la economía como si fuera una ciencia exacta?
- (4) ¿Por qué dice J.K. Galbraith : que hoy en día existe un conflicto entre los gobiernos y la iniciativa privada?
- (5) ¿Qué quiere decir el autor con: ". . . market rhetoric . . . has a theological quality that rises well above any need for empirical proof."?
- (6) Según Galbraith: ¿Qué es lo que puede condenar el estudio de la Economía en algo obsoleto en un mundo cambiante?

**ENGLISH
FOR
ECONOMISTS**

TEXTOS Y EJERCICIOS

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