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LEARNING ENGLISH FOR ECONOMICS  
THROUGH THE MASS MEDIA

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## ABSTRACT

Our students of Economics have to read long texts referring to different aspects of economic theory, international trade, business organizations, the world economy, etc. The main target, according to their curriculum, is to achieve a good knowledge of a specific vocabulary which will facilitate them their understanding of a written passage dealing with an economic issue. Apart from the implementation of different reading techniques, we believe that the integration of the other three skills is the best way to achieve our aim. At the same time we provide students with a more comprehensive knowledge of the language. According to this, we show different activities we have carried out with our students at the Faculty of Economics - Universidad Complutense (Madrid) - when exploiting a cover story in regard to the recent American recession. The activities we include range from exercises on lexis such as synonyms, fill-in the gaps, semantic fields, matching terms and definitions to a grammar point to be studied in depth, together with the exercises that facilitate its acquisition and finally some listening activities associated with note-taking and discussing and comprehension questions from a video tape.

## INTRODUCTION

Our students of Economics have to read long texts referring to different aspects of economic theory, international trade, business organizations, the world economy, etc.

The main target, according to their curriculum, is to achieve a good knowledge of a specific vocabulary which will facilitate them their understanding of a written passage dealing with an economic issue. Apart from the implementation of different reading techniques, we believe that the integration of the other three skills is the best way to achieve our aim. At the same time we provide students with a more comprehensive knowledge of the language.

Once we have studied our students' needs we have to select and present the material which best covers our objectives and then, if reading is the main activity, there should be a lively interaction of reader and text through interpretation, expansion, discussing alternative possibilities and other conclusions. Very often reading leads to creative production in speech and writing since students are usually motivated to exchange or write ideas about the subject matter of the written passage.

We are aware of the difficulties we have to face in our teaching at University (either Faculties or Technical Colleges), etc with huge numbers of students per classroom. On the other hand, and to make matters worse the physical

space in the classroom is usually beyond our control (lay-out of chairs, use of microphone etc.). Nevertheless, specific purpose language classes can also be interactive. Students at University need to have access to sources in another language and either the teacher or they, themselves can supply much of the content according to their field of studies and obviously they can discuss and explain the technical information provided in the books or articles of their interest. In the present educational situation the receptive skills play a very important role as they may occupy half of the class's time; in our case at the Faculty of Economics and Management this is much more.

When considering the material to be used in class, it would be convenient to analyse which should be the topics the students could - now or in the near future conceivably use or need to understand for the achievement of aims they might reasonably want to achieve, therefore it is essential to provide a supply of varied, stimulating and appropriate authentic materials. As well as the materials, the tasks to be carried out by the students should bear the stamp of authenticity.

When reading, the reader is involved in the process of deriving and assigning meaning. The interpretation of a text is hindered by syntactic, semantic, and discourse constraints. Syntactic constraints are provided by preceding words and the syntactic rules of the language being considered. The distribution of meaning and relationships of words within a specific language and culture are among the

semantic constraints one can foresee. Finally, discourse constraints come from the topic of the text and its development; logical connectives and other elements of cohesion vary from language to language.

In the process of decoding printed texts readers do so in two ways: semantically (i.e. they identify the lexical meaning of words, but they also create a broader meaning for these words in a context at various levels - phrases, sentences and discourse), and syntactically (i.e. readers recognize the meaningful structural relationships within the sentence). In general fluent readers rely more on semantic than syntactic information except when meaning is not clear. The reader redecodes the meanings he/she has derived and created in abbreviated form for storage in short - or long-term memory. Old and new information is related, interpretations are readjusted according to the reader's needs.

Anthony Papalia (1987) in his paper *Interaction of Reader and Text* comments on the research carried out with 20 students who were studying French and Spanish at Clarence High School, New York in 1983-84. They were asked to read a passage in the foreign language and "think aloud" at the time they were trying to understand its meaning. The teacher's purpose was to discover the strategies used by the students in deriving meaning. Finally, they had to say how they had managed to understand the written words. Due to its relevance, we reproduce here the suggestions made by the students to any other people reading in a foreign language.

- Know the topic of the text.
- Read around words you do not know.
- Make use of all available information in the paragraph to comprehend unfamiliar words.
- Take chances and predict meaning.
- Guess the meaning of unfamiliar words from the context.
- Remember that all words in a reading passage are not of equal importance.
- Skip unfamiliar words that are inconsequential to the meaning of the total phrase or paragraph.
- Try to find the part of the meaning that is determined by the syntax of the sentence.
- Expect the text to make sense and be sequential.
- Do not make constant translations.
- Look for cognates.
- Have confidence in yourself.
- If you are not sure of the meaning of the word, find it in the dictionary.

Needless to say inferring and predicting the meaning of a text is facilitated when the student is familiar with the topic being dealt with. The process of inferring, however, should be limited to a certain extent. How well readers read will depend on the purpose for which they are reading. It seems obvious that we do not read an advertisement, a novel or the balance sheet of a firm in the same way; while we take a glance at the first one we scrutinise the last one. We use skimming when we read for gist and scanning when we look for

specific information leaving the rest of the text practically unread. Once we know that certain words or sentences are essential to what we are trying to find out we may simply ignore them. Reading comprehension means more than knowing the words and the syntactic structures. It also implies a deeper form of understanding which is sometimes called "reading between lines". Therefore, students must learn to detect the mood, intentions as well as the factual detail transmitted by the writer when choosing a certain register or level of language and syntactic devices. If translation is to be used in class, students should be shown how to interrelate words in context and translate entire meanings not word by word. An appropriate use of the dictionary should be taught beforehand to avoid misleading comprehension.

#### OUR PROJECT

Taking into account the considerations made at the very beginning of the introduction, the text we selected to be exploited in class was the cover story *Why the Gloom?* taken from Time Magazine, January 13, 1992.

It analyses the present recession in the United States. Due to its length the text was split into two coherent parts. It was piloted with our students in different sessions amounting to 6 hours in total. Some study at home was also required.

The main features of this cover story include both specific economic terminology as well as economic terms



widely used by the layman. On the other hand, syntax does not present great areas of difficulty but for the case which is studied in depth: inversion in English.

### **INTERACTIVE READING ACTIVITIES**

Many of the activities are carried out by our students working in pairs or in groups so that they can share the information orally and because we believe that it is always stimulating and profitable to work with somebody else.

Before reading the passage we start with some pre-reading questions. This is a very motivating phase in which the students try to predict and guess the content of what they are going to read afterwards. At the same time they may show how much they know already about the subject matter of the article or written passage. On the other hand, we extract some words we consider relevant (key words) for the understanding of the text and provide definitions or explanations for all of them. The students should match said words with the corresponding definitions or explanations.

In a very long passage like the one we are commenting on, we understand that this activity is really essential, otherwise the students may feel frustrated and lose interest in the story due to the lack of understanding.

We combine extensive and intensive reading techniques, asking for general information in the first case and then more precise details in the second. This is done through different types of questions (multiple choice, true-false, general questions, etc.).

Dividing the passage into paragraphs we try to profit from them according to what each paragraph offers us. Thus, we may explore semantic fields, synonyms, antonyms, gap-fillers, etc.

**Listening activities:** With the information taken from the cover story we produced a dialogue/interview between an interviewer and Mr. Wyss, one of the people who gives his opinion about the recession in America in the written passage. The purpose here is to paraphrase some of the information appeared throughout the text to reinforce the vocabulary already seen or learned. The students have to detect first, the points mentioned in the conversation which have any link with the text and then they have to spot the wrong information or data provided by Mr. Wyss. Likewise, the video session is aimed at establishing a relationship between the passage read (Part II) and real life watched on the television news dealing with the present social-economic situation in California and how the recession has affected an industrial sector - the armament industry - : budget cuts which mean fewer jobs.

Due the frequent use of **inversion** along the cover story we thought quite convenient to explain to our students this syntactical device in English and do some exercises in this respect. It is not difficult for them to understand the text while reading it but when it comes to writing it is very often the cause of many mistakes. The exercises provided dealt with **word order** and **rephrasing**.

When we read technical texts we often come across many words whose meaning has nothing to do with their usual meaning in more general contexts. Thus, students may feel confused when they try to understand a technical written passage. It is important for them to know how to use the dictionary properly. We provide here a matching exercise in which the students have to select both the common meaning and the meaning in the text of a word or expression.

Students are very familiar with answering questions but they have great difficulty when they have to ask them, especially if they have to ask for precise information. Therefore one of the "writing" exercises consists of asking questions to obtain the opinions given in the text. Another reinforcement exercise is an essay regarding an economic situation they should know quite well, that of Spain.

Speaking is carried out throughout the teaching sessions in pairs or in groups but we want them to give or share more ideas after having read this cover story. Likewise, they may talk about an apparently more familiar subject for them: the economic situation in Spain.

The different techniques shown here are obviously not the only ones which can be put into practice when we exploit a text for an interactive ESP teaching. We have to bear in mind too simple things:

- \* the students' needs.
- \* the easiest way to facilitate them their learning.

We have tried to achieve this by doing the activities below.

## WHY THE GLOOM?

### Pre-reading questions

1. What is the Stock Market?
2. What are the advantages and disadvantages of investing in stocks and shares?
3. What do you know about the financial situation of the U.S?
4. How can you explain that the biggest power on earth has such a deficit?

### Focus on vocabulary

- A. Match the terms in column A with their dictionary definitions in column B.

The terms in A will appear at some stage in the article *Why the Gloom?*.

- |                  |   |
|------------------|---|
| 1. recession     | a. placing money so that it will increase in value and produce interest.                  |
| 2. inflation     | b. percentage taken when a bank buys bills.   |
| 3. discount rate | c. amount by which spending is higher than income.  |
| 4. GNP           | d. annual value of goods and services in a country including income from other countries. |
| 5. lay-off       | e. the annual plan of taxes and government spending proposed by a finance minister.       |
| 6. profits       | f. situation where prices rise to keep up with increased production costs.                |
| 7. savings       | g. money that you have saved, esp. in an account at a bank or similar institution.        |
| 8. investment(s) | h. action of dismissing a worker for a time.  |
| 9. slump         | i. period of economic collapse with high unemployment and loss of trade.                  |
| 10. incentive(s) | j. money gained from a sale which is more than the money spent.                           |
| 11. budget       | k. thing which encourages staff to work harder.   |
| 12. deficit      |   |

# Why The Gloom?

**The longest recession since the 1930s may pass by summer, but it will take years to rid the economy of debt and rebuild America**

By JOHN GREENWALD

*"I haven't really been able to sort out exactly why there has been this degree of pessimism."*

—George Bush, Dec. 26, 1991

**W**ell, why are Americans so gloomy, fearful and even panicked about the current economic slump?

At first glance the numbers don't seem so bad. The stock market went on a record-breaking rampage last month, finished 1991 at an all-time high, and kept setting new highs in the opening sessions of 1992. Inflation is at the lowest level in five years, and home mortgages are available at interest rates not seen since 1974. They may fall even further, thanks to the U.S. Federal Reserve's dramatic cut in the discount rate last month to a 27-year low. The official unemployment rate is nowhere near as severe as it was at the depth of the 1981-82 recession, and the contraction in the gross national product (so far 1.4%) has been far less sharp. "Ten years ago we would have thought this was paradise, and now we're whining about it," says David Wyss, chief economist for the consulting firm DRI/McGraw Hill.

"Whining" hardly captures the extent of the gloom Americans feel as the current downturn enters its 18th month. The slump is the longest, if not the deepest, since the Great Depression. Traumatized by layoffs that have cost more than 1.2 million jobs during the slump, U.S. consumers have fallen into their deepest funk in years. "Never in my adult life have I heard more deep-seated feelings of concern," says Howard Allen, retired chairman of Southern California Edison. "Many, many business leaders share this lack of confidence and recognize that we are in real economic trouble." Says University of Michigan economist Paul McCracken: "This is more than just a recession in the conventional sense. What has happened has put the fear of God into people."

In one of history's most painful paradoxes, U.S. consumers seem suddenly disillusioned with the American Dream of rising prosperity even as capitalism and

democracy have consigned the Soviet Union to history's trash heap. "I'm worried if my kids can earn a decent living and buy a house," says Tony Lentini, vice president of public affairs for Mitchell Energy in Houston. "I wonder if this will be the first generation that didn't do better than their parents. There's a genuine feeling that the country has gotten way off track, and neither political party has any answers. Americans don't see any solutions."

Americans are so uneasy because they feel economic turmoil on two levels, one relatively superficial and the other much deeper. The surface layer is the most immediately painful one, a garden-variety recession of the sort that comes along every few years with the ups and downs of the business cycle. This one has brought the familiar pattern of layoffs and weak profits.

The deeper tremors emanate from the kind of change that occurs only once every few decades. America is going through a historic transition from the heedless borrow-and-spend society of the 1980s to one that stresses savings and investment. In the short run, this helped trigger the cyclical recession, which is likely to run its course in the next few months. But when it's over, America will not simply go back to business as usual.

The underlying change in the way American consumers and business leaders think about saving and spending will make the recovery one of the slowest in history and the 1990s a decade of lowered expectations. Many economists agree that the U.S. will face at least several years of very modest growth, probably in the 2% to 3% range, as consumers and companies work off the vast debt they assumed in the 1980s. But there is much to be gained. Increased investment and long-term thinking, if it endures, could help rebuild the competitiveness of American industry and bring back the kind of prosperity not seen since the 1960s.

The slump has galvanized Democratic hopes of regaining the White House this year and has confronted Bush with a tough set of choices. Mindful that the economy has expanded an average of just 0.3% annually since he took office, the worst performance under any postwar

President, Bush would dearly love to ignite growth through tax cuts or other incentives to bolster his chances in November. Yet at the same time he fears worsening a budget deficit that is expected to exceed \$350 billion this year.

Nearly paralyzed by the dilemma, Bush departed last week on a nakedly political tour of the Pacific Rim to beseech Japan and other countries to buy more U.S. products. He left top aides feverishly at work on the much ballyhooed growth package that he plans to present in his Jan. 28 State of the Union message.

The economy is by far Bush's weakest spot. In a TIME/CNN poll conducted Jan. 2 only 24% of those surveyed think the President is doing a good job handling the economy, which is up from a nadir of 18% in late November but still lopsided. According to 84% of those polled, the recession is still going on in the area where they live. A ray of hope has emerged in the past month though, possibly tied to interest-rate cut and the stock-market rally. Those who think the economy will improve in the next 12 months have grown to 36% of respondents, up from 26% last November. Even so, 36% think the economy will be unchanged, and 25% say it will get worse.

**B. Reading Comprehension**

1. According to the figures shown in the article which of the following statements best describes the present economic situation of the US. Back up your answer.
  - a. We can compare it to that of ten years ago.
  - b. It is much worse than ten years ago.
  - c. It is going through difficult times but the situation is not as bad as the 1981-82 period.

2. Say whether the following statements are true or false.

- . The current slump is regarded by the Americans with indifference.
- . The Americans think that a change in the presidency of the US (the election of a democrat) would improve the situation.
- . In the 80's the Americans weren't very worried about their money.
- . The results obtained in the poll carried out in January are a bit better than those of the November survey.

**Pair work.**

- A. In pairs, look at the paragraphs signalled in brackets and find the words which mean the same as:

feeling of sadness and hopelessness      gloom

- (2) rush about in excitement or rage, excited violent behavior. ....
- (2) complaining (too much) usually about something unimportant. ....
- (3) in a state of great fear; unable to face a difficulty or an unpleasant duty. ....

- (6) careless attention, especially to advice or requests. ....
- (8) to support, strengthen, or increase .....
- (9) in a way not hidden or made less clear. ....
- (9) formally or literary to ask eagerly and anxiously. ....
- (9) informally to gain public attention by making a lot of noise or through exciting kinds of advertising. ....
- (10) the lowest point of (hope, fortune ...)
- (10) not properly balanced, having one side heavier or lower than the other. ....

B. Look at the first five paragraphs and find words related to feelings.

C. Increase your vocabulary

Pair work. In this section you should use your dictionary to help you answer the questions about the text.

1. Using words from paragraph 1, can you complete the following statements?

- . The fishing industry is ..... about the EC.
- . The measures taken by the management led to all sorts of ..... consequences.

2. Look at the 2nd paragraph. Can you explain the words or expressions:

- 1.5 at first glance
- 1.8 all-time high
- 1.14 dramatic cut
- 1.18 contraction

3. Look at the 3rd paragraph and say what words have the same meaning as:

- . present (present-day)
- . depression
- . threaten people of worse time ahead

4. Look at the 4th paragraph and say what words have the same meaning as:

- . got rid of
- . rubbish pile
- . out of control

5. Using words from paragraph 5, can you complete the following statements?

- . He is ..... about his decision of making 150 people redundant.
- . The pit should be closed, there's only a thin ..... of coal left.
- . The life of a company is full of .....

6. Look at paragraph 6 and say what words have the opposite meaning to:

- . economic boom
- . starts, begins

7. Look at the 7th paragraph, can you explain the words:

- . work off
- . endures

8. Using words from paragraph 8, can you complete the following statements?

- . .... earnings in the country are about \$600 a month.
- . What does he earn before .....
- . The promise of a bonus acted as a(n) ..... to greater effort.



9. Look at the 9th paragraph. Can you explain the words:

- . top aides
- . growth package

10 Look at the 10th paragraph and say what words have the same meaning as:

- . survey
- . dealing with
- . get better

### Focus on grammar

#### Inversion

##### Inversion of subject and verb after initial negative adverbs.

An adverb, or an adverbial phrase or clause, may in some cases be taken out of its normal position and placed at the beginning of a sentence or clause for emphasis. If this construction is used with negative adverbs or adverbs of degree, the subject and verb of the sentence or clause to which the adverb relates must be inverted (using do if necessary).

- a. One should on no account drive and drink.  
On no account should one drink and drive.
- b. He little realizes what problems he creates for others  
Little does he realize what problems he creates for others.
- c. The winner was so exhausted that he collapsed soon after finishing the race.  
So exhausted ~~was~~ the winner that he collapsed after finishing the race.

Naturally, there can be no inversion when an adverb of this type is one of a group of words qualifying the subject:

Not only the professionals but also the amateurs will benefit from the new training facilities.

This may be compared with:

The professionals not only demanded new training facilities; they also proposed a revision of membership fees.

In this sentence, not only modifies the verb demanded, and the sentence may be reconstructed:

Not only did the professionals demand new training facilities; they also proposed a revision of membership fees.

The following are the commonest expressions which, if placed at the beginning, must be followed by an inversion.

<i>in no circumstances</i>	<i>not a word (unless it is the subject of the sentence)</i>
<i>least of all</i>	<i>not a soul (unless it is the subject of the sentence)</i>
<i>hardly ... when</i>	<i>not often</i>
<i>hardly ever</i>	<i>not as</i>
<i>not infrequently</i>	<i>not till</i>
<i>in no way</i>	<i>not until</i>
<i>not otherwise</i>	<i>neither, nor (when used quite separately)</i>
<i>not only (unless it qualifies the subject)</i>	<i>not a single word (unless it is the subject of the sentence)</i>
<i>scarcely ... when</i>	<i>not one word (unless it is the subject of the sentence)</i>
<i>scarcely ever</i>	<i>by no means</i>
<i>rarely</i>	<i>no longer</i>
<i>very rarely</i>	<i>no sooner ..... than</i>
<i>seldom</i>	<i>at no time</i>
<i>very seldom</i>	<i>at no other time</i>
<i>still less</i>	
<i>much less</i>	<i>in no country, town, etc.</i>
<i>even less</i>	<i>to such extremes</i>
<i>only (unless it qualifies the subject)</i>	<i>to such lengths</i>
<i>under no roof</i>	<i>to such a degree</i>
<i>little</i>	<i>to such an extent</i>
<i>in vain</i>	<i>in/to such a plight</i>
<i>never</i>	<i>in/to such straits</i>
<i>nowhere</i>	<i>in such a desperate situation</i>
<i>on no account</i>	<i>to such a point</i>
<i>in none of</i>	<i>with good reason/with every justification</i>
<i>such</i>	
<i>such</i>	
<i>so (unless it qualifies the subject)</i>	

- A. Rewrite the sentences, placing the adverbs or adverbial phrases underlined at the beginning of their sentence or clause, and making the necessary inversions.

e.g. I have never heard in my adult life more deep-seated feelings of concern.

Never in my adult life have I heard more deep-seated feelings of concern.

1. The entrepreneur told his employees that they should on no account receive a pay increase until they had made a complete recovery of the company's sales.
2. The whole truth about the closing-down of the company didn't become known until many years later. (Not until.....)
3. The crisis was so deep that even a cut in the discount rate proved ineffective against it.
4. Her fear of failing the interview for the post was such that she resorted to telling lies.
5. Such a worrying situation should never again be allowed to arise.
6. We have rarely seen such public interest as that being shown in the appeal for funds to save the company.
7. The talks over pay increase didn't appear to have much chance of success until quite recently, however.
8. The chairman admitted that he had seldom had to deal with such a difficult economic situation.

B. For each of the following sentences, write another sentence as similar as possible in meaning, beginning with the word(s) in brackets, e.g.

She wouldn't accept my suggestion until I pointed out the alternatives. (ONLY)

Only when I pointed out the alternatives would she accept my suggestion.

1. Colonies don't seem profitable any more. (No longer)
2. It's unusual for the Nikkei index to fall so much. (Seldom)
3. It was the first time they had to sell their assets abroad. (Never).
4. Russia won't grow unless it makes drastic changes in its economy. (Only)
5. Our workers wouldn't have reached such an agreement under any circumstances. (Under no circumstances)
6. The government doesn't care very much about the problems the country is facing. (Little)
7. The strike was called off after the agreement was signed. (No sooner .....)
8. The Managing Director had never been in a position to pass vital information about his company to a rival one. (At no time)

## Listening

Listen to the interview with Mr David Wyss, chief economist for the consulting firm DRI/Mc Graw Hill

A. Considering the points mentioned in the article *Why the Gloom?* mark with a tick the points analyzed in the interview with Mr Wyss.

1. Stock market doing well at present.
2. Lowest interest rates in home mortgages since 1974.
3. 1.2 m. jobs lost during the present recession.
4. American people questioning the American Dream.
5. A comparison between the situation of the American economy during the period 1981-82 and the present one.
6. Cyclical ups and downs of American economy.
7. Way-outs to the present crisis.
8. Development of American economy during President Bush's first mandate.
9. Possible measures to be announced by Mr. Bush for the White House rally
10. Comparison of two surveys held in November 91 and January 92 on what people think of American economy.

B. Spot the wrong information or data provided by Mr. Wyss.

## WHY THE GLOOM? PART II

### Pre-reading activity

A. In groups of three discuss what the main causes of the present American recession are. Make a list after discussion.

B. Before reading the first six paragraphs, match the following words with the definitions or explanations provided.

- |               |  |
|---------------|--|
| 1. to shed    | a. real or genuine   |
| 2. binge      | b. wisdom and caution in the management of money. US private local bank. |
| 3. runaway    | c. to cast off or lose; to get rid of.                                   |
| 4. IOU's      | d. to agree; to be in accord.  |
| 5. reckoning  | e. I owe you.  |
| 6. to concur  | f. the result of drinking a lot.   |
| 7. to splurge | g. without control, (modifier) a ... horse, inflation, etc.              |
| 8. thrifts    | h. settlement of an account or bill.                                     |
| 9. bona fide  | i. to spend (money) extravagantly.                                       |

### Focus on reading

A. Read the first six paragraphs carefully and write down a list of the causes of the present recession in the United States. Compare it with your own list. Do you agree? To what extent?.

**T**he conditions that led to today's transition economy go back even further than the Roaring '80s. Americans have suffered a long-term stagnation of their earnings. The median income of U.S. families has virtually stood still since 1973, rising from \$24,345 in inflation-adjusted dollars to \$25,830 last year. That marks an annual gain of just 0.3% a year. From 1959 to 1973, by contrast, incomes grew a robust 2.7% a year.

The deterioration took place in several stages that provoked surprisingly little protest from most Americans. Notably, the rise of the two-income family tended to obscure the fact that individual workers were falling behind. The oil shocks of the 1970s led to double-digit inflation and slow economic growth, which eroded incomes in a process dubbed stagflation. Then buyouts and corporate downsizing in the 1980s created a huge exodus of workers from high-paying manufacturing jobs to less lucrative service-sector work. While the U.S. created some 18 million new jobs in the 1980s, many were in such industries as banking and retailing, which are now frantically shedding workers. "The 1973 period marked the beginning of the decline of the American standard of living," says Allen Sinai, chief economist of the Boston Co. "The Reagan years interrupted that trend by borrowing and spending, which led to the retrenchment that has deepened the current slump."

The 1980s binge took place on a colossal scale in every sector of the U.S. economy. Runaway federal deficits have more than tripled the national debt since 1980, to \$3.1 trillion; interest on that sum eats up \$286 billion a year and accounts for the third largest expense in the budget. Meanwhile, consumers increased their IOUs from \$1.4 trillion in 1980 to \$3.7 trillion last year. And U.S. industry raised its debt from \$1.4 trillion to \$3.5 trillion over the same period.

The reckless borrowing made a reckoning inevitable. "You can't spend eight years priming the pump and getting all your growth through debt in the private, corporate and public sectors and expect to come out of it overnight," says John Bryan, chairman of Sara Lee. "We're not going to get any momentous return to growth anytime soon." Concur a government economist: "People are smarter than we give them credit for. They've known we couldn't keep borrowing our way to prosperity forever." Asked in the

TIME/CNN poll whether Americans today can enjoy the same standard of living as recent generations, 62% said no.

To make matters worse, much of the corporate debt was splurged on paper-shuffling buyouts and grandiose real estate projects rather than on factories or production machines. The vast oversupply of office buildings, shopping centers and other projects led to the bankruptcy of real estate developers, then to the widespread failure of the banks and thrifts that financed the deals. In what some business leaders view as an overcorrection, many of the surviving banks have slammed shut their lending windows to all but their best-heeled customers, depriving the economy of sorely needed money for recovery.

The 1980s were so pumped up with debt that most people thought a deep recession would hit after the market crash of 1987. But by sheer momentum, the economy managed to keep growing for a year or so. In 1989 and early 1990 the economy was growing so slowly it might as well have been motionless. Then Iraq's invasion of Kuwait in July 1990 sent oil prices above \$40 per bbl. and pushed the U.S. into a bona fide slump.

When the recession arrived, it triggered the kind of layoffs that occur in any slump. But it has also accelerated a wave of firings that can only be attributed to longer-term structural changes, including a drastic shakeout in industries that were overbuilt in the 1970s and '80s. Among the worst hit is retailing, which is undergoing a painful adjustment to the frugal '90s. Just last week Zale, the largest U.S. jewelry-store operator, said it would close 400 of its 2,000 stores and lay off 2,500 workers. "We are looking at the historic restructuring of the American economy," says Dan Lacey, an Ohio-based employment consultant.

"It's not just decline; it's turmoil. Even those people who are still working have lost faith in their ability to stay employed. The memory of what's going on is not going to be erased from today's workplace any more than the memory of the 1930s was erased from earlier generations."

While some economists have described the current slump as a near depression, that phrase overstates the case if it is taken as a comparison with the period 1929-33, when the U.S. economy contracted by nearly a third. The *D* word becomes more valid, especially with a small *d*, when it is used to compare the growth rate of the 1930s, which averaged 0.5% a year, with the expected sluggishness of the 1990s, which some

economists predict will see an average growth rate of 2%.

In some respects, the current recession is more painful than the numbers show because this slump is so different from most. The current unemployment rate of 6.8%, for example, appears to be well below the level reached in the 1981-82 recession, when joblessness peaked at 10.8%. But experts say the comparison is misleading because the labor force is growing far more slowly today than a decade ago, which means that fewer people are seeking jobs. Among other things, the slowdown reflects both an aging U.S. population and a decline in the number of people ages 18 to 24 who are embarking on careers. Moreover, 1.2 million discouraged workers have given up looking for jobs, up 25% from a year ago. In the TIME/CNN poll, 23% of those surveyed said they had been unemployed, not by their own choice, at some point during 1991.

In a perceptual sense, the gloom is deeper because this time unemployment has hit an influential and vocal class of managers and other white-collar workers. "So many of us are seeing our peers thrown out of work," says John Rogers, who runs his own Chicago investment firm. "That's what's so frightening."

Another factor that has aggravated unease in this recession is that there has been no sense of leadership, let alone prescience, from Washington. Consumers were blindsided by the failure of the White House and most economists to foresee the length of the downturn. "Everyone was told it was going to be mild," says Stephen Levy, director of the Center for the Continuing Study of the California Economy. "Coming out of the gulf war, people thought it would last just two quarters." But while the economy did manage gains of 1.4% in the second quarter and 1.8% in the third, few experts doubt that the U.S. has become mired in a double-dip slump that for all practical purposes never really ended. "Everything was set for a typical recovery," says economist Gordon Pye, who runs his own New York City consulting firm. "But when employment did not increase and the waves of layoffs and restructurings continued, that really inhibited it."

The downsizing has dismayed recent college graduates, who have found it difficult if not impossible to land a good job. "I'm beginning to think it wasn't the best financial decision to go to law school," says

Kathy Woods, who is still seeking work after graduating from the University of California's Hastings law school last spring. "I was a waitress over Christmas," she says. Laments a jobless graduate of the Georgetown University School of Foreign Service who has lived at home since he left school last May: "Of the 30 or so people I graduated with and am closest to, I know of just three who have professional jobs. Others are receptionists or doing things like waiting tables. A lot are going to graduate school because there is nothing else to do."

Hard times are forcing some people to turn their back on the American Dream. In El Monte, California, Julio Toruno, the son of a Nicaraguan immigrant who

prospered in Southern California after World War II, watched the revenues from his print shop nose-dive 20% last year. "I don't have the opportunities my father had," he says. Strapped by high housing costs, steep taxes and a declining income, Toruno and his wife recently bought land in Nicaragua and plan to move there in the spring.

For now, many economists are counting on the U.S. Federal Reserve's cut in the discount rate from 4½% to 3½% to set the stage for a mild recovery that could start by summer. The sharp reduction was significant because the discount rate, which is what the Fed charges banks for borrowing money, is a bellwether for interest costs throughout the economy. The average rate for a 30-year, fixed-rate mortgage last week was 8.24%, the lowest in 18 years. At the same time, election-year pressures are likely to push Washington into enacting a few modest tax breaks to stimulate growth.

But consumers will have to open their wallets before any recovery can get rolling, and that is by no means ensured. Says Stephen Roach, a senior economist at Morgan Stanley: "Interest-rate cuts are a very constructive stage setter for economic recovery, but we need an improved sense of job security to allow the effects of the cuts to work their way through the system."

So far, though, no reprieve from layoffs is anywhere in sight. Economists say U.S. companies will shed more than 1 million jobs in 1992 in fields ranging from banking to aerospace, a pace even faster than last year's. "It's become almost like a poker game to see who can cut the most," says employment analyst Lacey. "There's a kind of corporate frenzy."

That would be worrisome even if downsizing were a magic bullet that could swiftly restore the competitiveness of American industry. But while layoffs will cut expenses and boost corporate profits, they cannot by themselves turn companies around. General Motor's plans to close 25 automobile assembly plants by 1995 and cut 74,000 jobs, or 19% of its work force, scarcely addresses such problems as why it takes the company up to a year longer than the Japanese to redesign its cars.

At the very least, the current malaise has raised the public's consciousness about the need for real leadership and accountability in both Washington and corporate America. People are smart enough to know when they are being squeezed. Their pain reflects economic woes that have piled up for years. Correcting those problems will take vision in the White House and U.S. Congress, and long-term planning in the executive suite. Americans are unlikely to feel much better until they see that their well-founded concerns are at last being recognized and addressed.

—With reporting by William McWhirter/Detroit, Jane Van Tassel/New York and Richard Woodbury/Houston



B. Now continue reading the rest of the article but first check the meaning of the following words.

- |                   |       |  |
|-------------------|-------|--|
| a. a turmoil      |       | 1. to sink or cause to sink in a marshy or muddy area.   |
| b. to overstate   |       | 2. responsibility  |
| c. sluggishness   | means | 3. a violent or confused movement; agitation, tumult.  |
| d. a vocal class  |       | 4. to exaggerate or to state too strongly.   |
| e. to mire        |       | 5. a group of people who speak a lot.  |
| f. accountability |       | 6. that which functions at below normal rate or level; that which exhibits poor response to stimulation. |

C. Answer the following questions:

1. Explain how the recession was felt when it made its appearance and which sector suffered the most.
2. State in which way the present recession is different from others in the past.
3. In what sense did the Administration and experts mislead the people regarding the recession?
4. Are university students optimistic about their future prospects?
5. According to the author some industries should do something else besides putting employees out of work. Point out what.

D. After having read this second part of the article, you may have come across quite a few words which were familiar to you but that in this context they have another meaning. The words in the left hand column appear in Part II of *Why the Gloom?*. Match the elements in the three columns, as in the example:

roaring : c, 5

Word/ expression	Common meaning	Meaning in the text
roaring	a. to take (solid food/soup) into the mouth & swallow it for nourishment.	1. Without movement; quiet, calm.
still	b. to go/be taken on board a ship.	2. To start/engage in sth. new or difficult.
eroded	c. noisy; rough or stormy.	3. Diminish little by little.
to eat up	d. up to & including the present time or the time mentioned.	4. Action of dismissing employees from their jobs.
firings	e. ridge of water, esp. on the sea, between two hollows.	5. Period of time of excellent business.
to embark	f. destroy/wear sth. away gradually.	6. To take away, subtract.
peers	g. male members of one of the ranks of nobility (duke, marquis, earl...)	7. Act/process of fitting together the parts of sth.
waves	h. sharp vertical descent by an aircraft, etc. with the nose pointing towards the earth.	8. People who are equal to others in rank, status or merit.
to land	i. actions of firing guns.	9. Group of people attending an important person, e.g. a ruler.
nose-dive	j. to bring (an aircraft) down to the ground; to reach the ground.	10. Big groups of people coming at regular intervals.
suite	k. coming together of a group of people for a specific purpose.	11. To force people into difficulty/hardship caused by shortage of money restrictions, etc.
assembly	l. to speak to an audience; write on a letter/parcel name & address that it is delivered to.	12. To succeed in obtaining sth. esp. against strong competition.
to squeeze	m. set of rooms (in a hotel) (U.S.) apartment.	13. To direct sb's attention to (a problem); to tackle sth.
to address	n. to press on sth. from opposite sides or all sides to get water, juice, etc.	14. Fall sharply.

### Focus on writing

Throughout this passage there are a lot of opinions given by different people. Imagine you are going to interview those people. Write the questions corresponding to the answers you already have in the text, as for example:

- Mr Allen Sinai, when do you think the recession started in this country?
- The 1973 period marked the beginning ...

### Follow-up

In groups of four or five students find information in the whole text related to the following points and group them according to the positive or the negative role they play in the development of American economy.

#### Points to consider:

debt	stocks
inflation	exports
interest rates	overcapacity
retail sales	financial weakness
energy	lay-offs

### Focus on speaking

#### 1. Group work:

What is the general atmosphere you can feel after reading this article?  
Is there any way out of the present situation?  
What is the action to be taken?

#### 2. Appoint a secretary to take notes.

##### *TOPIC:*

*What is the present economic situation in Spain?*

(Refer to the article if you think it is necessary)

### Homework:

Write an essay (400 words) about the Spanish economic situation at present.

## V I D E O

Video activities based on *ABC World News* broadcasted by Canal + October 8th 1992.

### Pre-viewing activities

1. Which were the economic reasons for the Gulf War?
2. What do you understand by " The New Order " ?
3. In which way do you think said "New Order" is being implemented?

### While-viewing activities

1. Which have been the immediate consequences of the end of the "Cold War" for the Californians?
2. What's the minimum wage in California?
3. How much did Lorraine Lopez use to earn when she was working for Daico Industries?
4. When and why did Lorraine Lopez lose her job in Daico Industries?
5. What's her family situation like?
6. What happened up to last year when a worker from the defence industry was made redundant?
7. In which way has Daico Industries' turnover changed in the last ten months and how has this affected its labour force?
8. Is the restructuring of the company feasible?
9. Which are the prospects for the defence sector in California from now up to 1995?
10. Explain in which way the present recession in California may condition the workers' vote in the presidential election?

### Post viewing activities

1. Draw a parallelism between the last part of the article "Why the Gloom?" and the information provided by the video.

Listening (Tapescript)

Listen to the interview with Mr. David Wyss, chief economist for the consulting firm DRI/McGraw Hill:

Interviewer: Good evening Mr. Wyss and thank you for coming along to our studio and giving your impressions on the situation of our economy which in fact doesn't seem to be quite booming.

Mr. Wyss: Well, this is it, the thing is that if the figures we have in our hands had been analyzed in 1982 we would've thought this was paradise, but the layman is really concerned, well, I would say he's really worried because inflation has reached its peak in the last five years and it seems it'll be growing for some time.

Interviewer: But how could you explain that the Stock Market is having highs not seen ever?

Mr. Wyss: Well, I suppose the Bulls have something to say, not the Chicago Bulls, of course, (ha, ha, ...), but certain speculators who operate in the street. We'll have to wait for a few months and see if the market shows a steady improvement.

Interviewer: Then, do you think this is a cyclical process that takes place every few years and when it blows over, everything goes back to normal?

Mr. Wyss: Oh, no, this time the way American consumers and business leaders are thinking about saving and spending we'll make the recovery one of the slowest in history and the 1990's a decade of lowered expectations.

Interviewer: Something that we've noticed when we interviewed people in the street is that some are quite sceptical about the American Dream and think their children won't have as good a life as they've had. Besides a reduction of 1/3 in the GNP won't help, will it?

Mr. Wyss: I must tell you that in a recent poll carried out by Time/CNN on January 2 people seem to be more disillusioned than they were in November and those who think the economy will improve in the next year have gone down from 36% of respondents to 26%.

Interviewer: So, bearing in mind the presidential elections this November what should Mr Bush do if he wants to stay in office for a second term?

Mr. Wyss: I do know top aides are working feverishly on the possible measures the President will announce in his January 28 State of the Union message. Mr. Bush would like to introduce tax cuts or other incentives but he fears worsening a budget deficit that is expected to exceed \$500 billion this year.

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