

21世纪高等学校专业英语系列规划教材

# 经济学



# 专业英语教程

帅建林 曾志远 主 编



清华大学出版社 · 北京交通大学出版社

21 世纪高等学校专业英语系列规划教材

# 经济学

## 专业英语教程

主 编 帅建林 曾志远

副主编 何莉娟 黄银东 吉松涛

栾宏琼 易 俗

清华大学出版社

北京交通大学出版社

· 北京 ·

## 内 容 简 介

本书是以经济学专业知识为主线,厘定微观经济学、宏观经济学和国际经济学的重要内容,以经济学各知识点为平台创建的案例做支撑,以英语为工作语言而打造的一本特色鲜明的专业英语教材。本书各章知识点自成体系,选材严谨,涉及西方经济学中最为根本的概念和理论,既有供需、效用、生产、价格、增长、宏观经济政策等经济学理论概念,又有全球化背景下必须了解的国际经济学基础知识,如世界贸易、国际投资、跨国公司、国际金融市场、外汇市场、经济一体化等。本书所选材料语言地道,行文自然流畅,使读者在学习经济学知识的同时,强化英语应用能力,提高经济学专业英语水平。

本书适合的对象是经济学及相关专业的学生及试图将自己历练为“经济学+英语”或“英语+经济学”复合型人才的读者。

本书封面贴有清华大学出版社防伪标签,无标签者不得销售。

版权所有,侵权必究。侵权举报电话:010-62782989 13501256678 13801310933

### 图书在版编目(CIP)数据

经济学专业英语教程 / 帅建林, 曾志远主编. —北京: 清华大学出版社; 北京交通大学出版社, 2008. 10

ISBN 978-7-81123-399-5

I. 经… II. ①帅… ②曾… III. 经济学-英语-高等学校-教材 IV. H31

中国版本图书馆 CIP 数据核字 (2008) 第 141124 号

责任编辑: 张利军 特邀编辑: 易 娜

出版发行: 清华大学出版社 邮编: 100084 电话: 010-62776969 <http://www.tup.com.cn>

北京交通大学出版社 邮编: 100044 电话: 010-51686414 <http://press.bjtu.edu.cn>

印刷者: 环球印刷(北京)有限公司

经 销: 全国新华书店

开 本: 185×243 印张: 11.75 字数: 300千字

版 次: 2008年11月第1版 2008年11月第1次印刷

书 号: ISBN 978-7-81123-399-5/H·128

印 数: 1~4000册 定价: 22.00元

---

本书如有质量问题, 请向北京交通大学出版社质监组反映。对您的意见和批评, 我们表示欢迎和感谢。  
投诉电话: 010-51686043, 51686008; 传真: 010-62225406; E-mail: [press@bjtu.edu.cn](mailto:press@bjtu.edu.cn)。

# 前 言



构思编写这本《经济学专业英语教材》至少是我们六年前的想法了。多年以来，我们这个编写团队所经历的“经济学/金融学+英语”及“英语+经济学/国际贸易学/金融学等学科”艰辛的复合型知识构建学习过程，让我们感受到通过英语学习经济学专业知识的重要性，以及在经济学背景下历练专业英语能力的迫切性。因此，我们的编写动机始于一丝焦虑，源于一份责任。每当目睹经贸专业的高年级大学生对经济学专业英文文献诚惶诚恐，英语专业的高年级本科生和研究生在翻译现场为经济术语和经济理论吞吞吐吐、尴尬万分时，我们焦虑，我们责无旁贷。

我们深知，六年以来我们错过了很多机会。但是，我们看到了同行的行动，感受到了同行的努力。一本本类似教材和著作如雨后春笋般涌现，我们欣赏同行的视角和智慧。这本书的编写，我们承认是站在他们的肩膀上，但也许看得更远。

本书的主要特点如下。

(1) 体系合理，结构紧凑。全书共分 15 个单元，共 15 个主题，各单元知识点自成体系，涉及西方经济学中最为根本的概念和理论，既有供需、效用、生产、价格、增长、宏观经济政策等经济学理论概念，又有全球化背景下必须了解的国际经济学基础知识，如世界贸易、国际投资、跨国公司、国际金融市场、外汇市场、经济一体化等。

(2) 理论平台，案例支撑。每单元由 Text（课文）和 Case Study（案例分析）两部分构成。课文清晰地阐述了该主题所涉及的经济理论概念。案例分析则用课文中的经济学理论解读经济现象，尤其中国经济现象，或指导经济实践，或用案例进一步阐释经济理论，从而增强了理论的实践性、操作性、针对性和本书的可读性、趣味性，进一步扩大了读者的视野，培养读者分析实际问题的能力。

(3) 语言地道，原汁原味。课文均选自英美经典原版经济学著作，原汁原味，精髓地道。案例分析则选材于 Financial Times, The Wall Street Journal, Economics 等英美著名报纸杂志和网站，其视角独特、思想深邃、解读透彻、评论权威、语言精练。

(4) 解困释惑，拓展技能。每篇课文后配有词汇表、课文注释和专项语言技能训练。词汇表按词汇在文中出现的先后顺序排列，易于检索，便于自学。课文注释简明扼

要、综合全面、突出重点,将读者困惑一扫而光。专项语言技能训练以提高读者运用英语直接进行专业交流的能力为宗旨,通过英汉互译、多项选择等专项训练拓展读者在经济实践背景下的英语语言技能,注重表达,着眼实用。案例分析后面所设计的开放式讨论题目旨在培养学生的批判性阅读习惯,激发思考,探索未知。

总之,本书的编写既着眼于目前财经院校学生和广大财经工作者的专业知识结构和语言技能现状,又关注中国经济发展对经济学理论提出的现实课题和前瞻性要求。本书以提高财经院校学生用英语作为语言工具进行专业学术和实践交流的技能为出发点,以经济学的基本概念和基础理论为编排核心,强调课文内容具有实用性、练习具有针对性、讨论具有互动性,高度关注全书课文、案例分析与练习之间的协调性。

通读本书,读者可以了解经济学理论的基本理论框架,掌握经济学基本概念和理论,了解经济学的思想和精髓,学习研究经济问题的视角,把握经济学理论的发展方向,从而丰富自身的智慧,在新的经济发展浪潮中提出新的问题,探索新的答案。

本书内容以经济学专业知识为主线,同时注重培养学生的英语语言技能。因此,学生在学习经济学知识的同时,又可锤炼其英语应用能力。作为兼具经济学专业知识培养与语言训练功能的教程,本书的课文内容深入浅出但又具有系统性,对于已经具有一定英语基础同时又想运用英语研修经济学相关知识的读者来说,本书是相当适合的。它既是较为理想的“英语+经济学”的专业英语教材,也是引导读者进入经济学殿堂的导读教材。

本书由西南财经大学帅建林、曾志远担任主编,西南财经大学何莉娟、黄银东、吉松涛、栾宏琼及乐山师范学院易俗担任副主编。其中,具体的编写分工为:黄银东编写第1、3、4单元;栾宏琼编写第5、6、7单元;何莉娟编写第8、9、13单元;吉松涛编写第14单元,并审读全部书稿;易俗编写第2、10、11单元的练习题;曾志远编写第2、10单元,厘定各单元的主题,并审读全部书稿;帅建林编写第11、12、15单元,负责全书的总策划、编写体例及所有编务工作,并总撰和审读全部书稿。

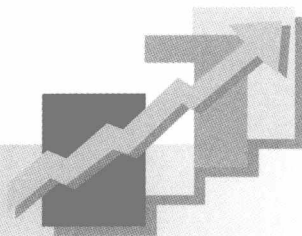
我们在此对本书所选材料的原刊出单位和机构及相关的著作者表示诚挚的谢意。同时,本书能够顺利出版,要感谢北京交通大学出版社的大力支持,尤其要感谢一直呵护本书的责任编辑张利军,如果没有他的鼓励和支持,这本书早就搁浅了。

由于编写仓促,书中不足之处在所难免,敬请广大读者指正赐教。

编者

2008年11月于成都光华园

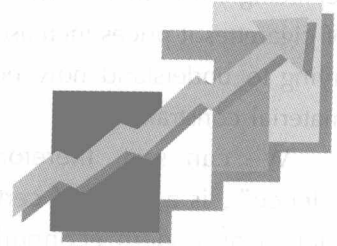
# 目 录



Unit 1	Definition of Economics	(1)
Unit 2	Supply and Demand	(14)
Unit 3	Utility	(25)
Unit 4	Production	(34)
Unit 5	Price System	(48)
Unit 6	Gross National Product	(59)
Unit 7	Unemployment and Inflation	(71)
Unit 8	Macro-economic Policy	(85)
Unit 9	Economic Growth	(96)
Unit 10	An Overview of International Economics	(109)
Unit 11	World Trade and National Economy	(121)
Unit 12	Economic Integration	(132)
Unit 13	Investment and Multinational Corporation	(146)
Unit 14	International Financial Market	(158)
Unit 15	Foreign Exchange Market	(170)
References		(182)

# Unit 1

## Definition of Economics



### Introduction

Economics is a social science concerned with the production, distribution, exchange, and consumption of goods and services. Economists focus on the way in which individuals, groups, business enterprises, and governments seek to achieve efficiently any economic objective they select. Other fields of study also contribute to this knowledge: psychology and ethics try to explain how objectives are formed; history records changes in human objectives; sociology interprets human behavior in social contexts.

### **Part One** Text

#### Economics Basics: Introduction

Economics may appear to be the study of complicated tables and charts, statistics and numbers, but, more specifically, it is the study of what constitutes rational human behavior in the endeavor to fulfill needs and wants.

As an individual, for example, you face the problem of having only limited resources with which to fulfill your wants and needs, and as a result, you must make certain choices with your money. You'll probably spend part of your money on rent, electricity and food. Then you might use the rest to go to the movies and/or buy a new pair of jeans. Economists are interested in the choices you make, and inquire into why, for instance, you might choose to spend your money on a new DVD player instead of

replacing your old TV. They would want to know whether you would still buy a carton of cigarettes if prices increased by \$2 per pack. The underlying essence of economics is trying to understand how both individuals and nations behave in response to certain material constraints.

We can say, therefore, that economics, often referred to as the “dismal science”, is a study of certain aspects of society. Adam Smith (1723—1790), the “father of modern economics” and author of the famous book *An Inquiry into the Nature and Causes of the Wealth of Nations*, spawned the discipline of economics by trying to understand why some nations prospered while others lagged behind in poverty. Others after him also explored how a nation’s allocation of resources affects its wealth.

To study these things, economics makes the assumption that human beings will aim to fulfill their self-interests. It also assumes that individuals are rational in their efforts to fulfill their unlimited wants and needs. Economics, therefore, is a social science, which examines people behaving according to their self-interests. The definition set out at the turn of the twentieth century by Alfred Marshall, author of *The Principles of Economics* (1890), reflects the complexity underlying economics: “Thus it is on one side the study of wealth; and on the other, and more important side, a part of the study of man.”

## What Is Economics?

In order to begin our discussion of economics, we first need to understand (1) the concept of scarcity and (2) the two branches of study within economics: microeconomics and macroeconomics.

### 1. Scarcity

Scarcity refers to the tension between our limited resources and our unlimited wants and needs. For an individual, resources include time, money and skill. For a country, limited resources include natural resources, capital, labor force and technology.

Because all of our resources are limited in comparison to all of our wants and needs, individuals and nations have to make decisions regarding what goods and services they can buy and which ones they must forgo. For example, if you choose to buy one DVD as opposed to two video tapes, you must give up owning a second movie of inferior technology in exchange for the higher quality of the one DVD. Of course,



each individual and nation will have different values, but by having different levels of (scarce) resources, people and nations each form some of these values as a result of the particular scarcities with which they are faced.

So, because of scarcity, people and economies must make decisions over how to allocate their resources. Economics, in turn, aims to study why we make these decisions and how we allocate our resources most efficiently.

## 2. Macro and Microeconomics

Macro and microeconomics are the two vantage points from which the economy is observed. Macroeconomics looks at the total output of a nation and the way the nation allocates its limited resources of land, labor and capital in an attempt to maximize production levels and promote trade and growth for future generations. After observing the society as a whole, Adam Smith noted that there was an “invisible hand” turning the wheels of the economy: a market force that keeps the economy functioning.

Microeconomics looks into similar issues, but on the level of the individual people and firms within the economy. It tends to be more scientific in its approach, and studies the parts that make up the whole economy. Analyzing certain aspects of human behavior, microeconomics shows us how individuals and firms respond to changes in price and why they demand what they do at particular price levels.

Micro and macroeconomics are intertwined; as economists gain understanding of certain phenomena, they can help nations and individuals make more informed decisions when allocating resources. The systems by which nations allocate their resources can be placed on a spectrum where the command economy is on the one end and the market economy is on the other. The market economy advocates forces within a competitive market, which constitute the “invisible hand”, to determine how resources should be allocated. The command economic system relies on the government to decide how the country’s resources would best be allocated. In both systems, however, scarcity and unlimited wants force governments and individuals to decide how best to manage resources and allocate them in the most efficient way possible. Nevertheless, there are always limits to what the economy and government can do.

## Words and Expressions

spawn	v.	引起, 缔造, 酿成
underlie	v.	构成……的潜在原因, 成为……的基础
forgo	v.	放弃, 弃绝
allocate	v.	分配, 配置
intertwine	v.	缠结, 交织
informed	a.	见闻广的, 有根据的
spectrum	n.	范围, 幅度
advocate	v.	倡导
constitute	v.	构成
vantage point		有利位置; 观点, 看法



### 1. Adam Smith 亚当·斯密 (1723—1790)

Adam Smith is a Scottish economist who strongly believed in **free enterprise** (自由企业制度, **an economic system in which private businesses are free to make money, and there is not much government control**). He developed his ideas in his book *The Wealth of Nations*, which has had an important influence on modern economic and political ideas.

### 2. An Inquiry into the Nature and Causes of the Wealth of Nations 《国富论》

In his famous treatise, *The Wealth of Nations*, Adam Smith argued that private competition free from regulation produces and distributes wealth better than government-regulated markets. Since 1776, when Smith produced his work, his argument has been used to justify capitalism and discourage **government intervention** (政府干预) in trade and exchange. Smith believed that private businesses seeking their own interests organize the economy most efficiently, “as if by an invisible hand”.

### 3. allocation of resources 资源配置

It refers to apportionment of productive assets among different uses. Resource allocation arises as an issue because the resources of a society are in limited supply, whereas

human wants are usually unlimited, and because any given resource can have many alternative uses. In free-enterprise systems, the price system is the primary mechanism through which resources are distributed.

#### 4. Alfred Marshall 阿尔弗雷德·马歇尔 (1842—1924)

British economist, born in Bermondsey, London, England, and educated at Saint John's College, University of Cambridge. Marshall was the foremost British economist of his time. He was also an outstanding teacher and exerted a strong influence on the following generation of European and American economists. His principal contribution to economics lay in systematizing classical economic theories and in developing a concept of marginal utility. He emphasized the importance of detailed analysis and adjustment of theory to emerging facts. Marshall's writings include *Principles of Economics* (1890) and *Industry and Trade* (1919).

#### 5. Principles of Economics 《经济学原理》

Marshall's most important book was *Principles of Economics*. In it Marshall emphasized that the price and output of a good are determined by both supply and demand; the two curves are like scissor blades that intersect at equilibrium. Modern economists trying to understand why the price of a good changes still start by looking for factors that may have shifted demand or supply. They owe this approach to Marshall.

#### 6. scarcity 短缺

In economics, scarcity is defined as a condition of limited resources and unlimited wants and needs, i. e. the society does not have sufficient resources to produce enough to fulfill subjective wants. Alternatively, scarcity implies that not all of society's goals can be attained at the same time, so that **trade-offs** (贸易, 交换) are made of one good against others. **Neoclassical economics** (新古典经济学派), the dominant school of economics today, defines its field as involving scarcity: following **Lionel Robbins'** (利奥尼尔·罗宾斯, 1898—1984, 英国经济学家, 伦敦学派主要代表人物) definition, economics is a science which studies human behavior as a relationship between ends and scarce means which have alternative uses.

#### 7. microeconomics 微观经济学

Microeconomics is a branch of Economics that studies how individuals, households, and firms make decisions to allocate limited resources, typically in markets where goods or services are being bought and sold. Microeconomics examines how these decisions and behaviors affect the supply and demand for goods and services, which determines prices, and how prices, in turn, determine the supply and demand of goods and services.

**Macroeconomics** (宏观经济学), on the other hand, involves the “sum total of economic activity, dealing with the issues of growth, inflation, and unemployment and with national economic policies relating to these issues” and the effects of government actions (e. g. , changing taxation levels) on them. Particularly in the wake of the **Lucas critique** (卢卡斯批判, 指新古典经济学派代表人物、诺贝尔经济学奖得主罗伯特·卢卡斯于1976年对传统大型计量模型所做的政策检测结果提出的质疑), much of modern macroeconomic theory has been built upon “micro-foundations” — i. e. based upon basic assumptions about micro-level behaviour.

#### 8. command economy 计划经济

A command economy (also known as a **planned economy** or **centrally planned economy**) is an economic system in which the state or government controls the factors of production and makes all decisions about their use and about the distribution of income. In such an economy, the planners decide what should be produced and direct enterprises to produce those goods. Planned economies are in contrast to unplanned economies, i. e. a **market economy** (市场经济), where production, distribution, and pricing decisions are made by the private owners of the factors of production based upon their own interests rather than upon furthering some overarching macroeconomic plan.

### • Exercises



#### I Make verb phrases by linking those in Column A and Column B.

##### Column A

promote  
maximize  
spawn  
make  
manage

##### Column B

resources  
assumptions  
trade and growth  
production levels  
discipline

#### II

Match the following words or terms with their definitions.

advocate

spectrum

constitute

resource

want

production

discipline

allocate

economics

scarcity

1. \_\_\_\_\_ : to use something for a particular purpose
2. \_\_\_\_\_ : a complete range of opinions, people, situations, etc.
3. \_\_\_\_\_ : publicly say that something should be done
4. \_\_\_\_\_ : form, make up
5. \_\_\_\_\_ : an area of knowledge or teaching
6. \_\_\_\_\_ : all the money, property, skills, etc. that you have available to use
7. \_\_\_\_\_ : something that you need
8. \_\_\_\_\_ : a situation in which there is not enough of something
9. \_\_\_\_\_ : the process of making or growing things to be sold
10. \_\_\_\_\_ : the study of the way in which money and goods are produced and used

**III** Reading comprehension : please choose the best answer from the four choices.

1. Why economics is categorized as a social science?
  - A. Because it is the study of what constitutes rational human behavior in the endeavor to fulfill needs and wants, a study of certain aspects of society.
  - B. Because it studies complicated tables and charts, statistics and numbers.
  - C. Because it is regarded as a “dismal science”.
  - D. Because it studies the economic phenomena of a country.
2. What is the relationship between scarcity and allocation of resources?
  - A. Natural resources are all exhaustible and that is what scarcity is all about.
  - B. Because all of our resources are limited in comparison to all of our wants and needs, people and economies must make decisions over how to allocate their resources.
  - C. They are mutually dependent and mutually inclusive.
  - D. We have to allocate properly those limited resources.
3. What is the “invisible hand” as noted by Adam Smith?
  - A. It is the governmental manipulation.
  - B. It is consumers’ consumption habit.
  - C. It is social moral principles.
  - D. It is a market force that keeps the economy functioning.
4. Briefly distinguish between macroeconomics and microeconomics.
  - A. They look into similar issues, but the former at the total output of a nation and the way the nation allocates its limited resources while the latter on the level of

the individual people and firms within the economy.

- B. They study quite different issues and are 2 branches of a discipline.
- C. They study the same issues but employ different study methods.
- D. They study similar issues but originated from different times.

## Part Two Case Study

### TEN YEARS ON

#### HOW ASIA SHRUGGED OFF ITS ECONOMIC CRISIS

From *The Economist Intelligence Unit ViewsWire*, July 4<sup>th</sup>, 2007

Ten years ago, on July 2<sup>nd</sup> 1997, Thailand's central bank floated the baht<sup>①</sup> after failing to protect the currency from speculative attack. The move triggered a financial and economic collapse that quickly spread to other economies in the region, causing GDP growth rates to contract precipitously<sup>②</sup>, bankrupting companies that had overexposed themselves to foreign-currency risk, and ultimately necessitating costly and politically humiliating IMF-led bailouts<sup>③</sup> in the worst-affected countries. Thus began the Asian financial crisis of 1997–1998. Its effects, and governments' subsequent responses to it, have defined much of the region's economic policies and direction in the past decade. What has been learnt, and how has the region changed in the intervening period?

The financial crisis can be described as having been a “perfect storm”: a confluence<sup>④</sup> of various conditions that not only created financial and economic turbulence but also greatly magnified its impact. Among the key conditions were the presence of fixed or semi-fixed exchange rates in countries such as Thailand, Indonesia and South Korea; large current-account deficits that created downward pressure on those countries' currencies, encouraging speculative attacks; and high domestic interest rates that had encouraged companies to borrow heavily offshore (at lower interest rates) in

① 铢(泰国的货币名称)

② 急转直下地,突然而来地

③ 应付紧急状况

④ 汇集

order to fund aggressive and poorly supervised investment. Weak oversight of domestic lending and, in some cases, rising public debt also contributed to the crisis and made its effects worse once the problems had begun.

If factors such as exchange-rate policies had helped to precipitate the financial crisis, above all it was excessive and poorly supervised foreign borrowing that made it so disastrous. As it became too expensive to fend off speculators, currencies were forced to float. This resulted in large falls in the baht, the won and the rupiah<sup>①</sup> against the US dollar. For instance, from an average of Rp2,342 to the US dollar in 1996, the rupiah fell to an average of Rp10,014 in 1998. As a result, companies that had received large unhedged<sup>②</sup> foreign-currency loans now faced impossibly high debt repayments in domestic-currency terms. The panicked capital flight that ensued only exacerbated the currency depreciation, leaving indebted companies in even direr straits. The workout of the bad debts and disposal of the distressed assets created by the crisis was one of the major tasks for policymakers for several years thereafter.

The situation now could not be more different. Most Asian economies now enjoy sizeable current-account surpluses and have built up extensive foreign-exchange reserves with which, in theory, they could protect their currencies from speculative attack in future. (Indeed, it is an enduring complaint of economists these days that Asian countries have gone too far in the opposite direction, having built up far greater levels of reserves than they need.) Non-performing loans (NPLs)<sup>③</sup> in the banking sector have fallen, and extensive financial reforms have taken place. As a result, not only are the region's fundamentals no longer conducive to an exact repeat of the 1997—1998 crisis, but regulatory controls have also, by and large, improved substantially. Thus, even were some of the conditions that existed in 1996 and early 1997 to reappear in the region, it would no longer be so easy for companies to get themselves into as much trouble as they did then.

This does not mean, of course, that the region no longer faces substantial economic risks. New imbalances and problems have emerged in the past few years, in part relating to the massive US current-account deficit and Asian central banks' large holdings of US Treasuries. The following paragraphs explore the specific changes that individual "crisis" economies in Asia have undergone in the past decade, and the new challenges

① 印尼盾

② 无保证或没有套期保值的

③ 坏账

and risks they face.

## Thailand

A decade on from the financial crisis of 1997, Thailand finds itself in the midst of another crisis, this time a political one. Although the economy has been suffering from a downturn in business confidence in the wake of the September 2006 military coup, Thailand's economic fundamentals are nevertheless generally strong. Indeed, rather than battling the markets to prop up the baht, the Bank of Thailand (BOT, the central bank) has been under pressure to weaken it. In order to do so, in late 2006 the BOT imposed controls on the inflow of capital. The baht now stands at a nine-year high of around Bt34.5: US\$1 on the local market, and on the offshore market it has risen to Bt32.3: US\$1.

The country's external accounts are far healthier; the current account has been in surplus every year since 1997 except 2005; foreign-exchange reserves have soared to US\$71 bn, up from the 1997 low of US\$26 bn reached when the BOT gave up its costly efforts to keep the baht fixed to the dollar; and external debt levels have dropped sharply, with most of the private sector's short-term debt taking the form of trade credits rather than loans, a reversal from the pre-1997 situation.

The banking sector has also recovered well, with NPLs dropping to around 4% – 5% of total outstanding loans — a decade ago the ratio was close to 50%. A process of consolidation in the banking sector has also been under way since 2004, and regulatory standards and bank lending practices have improved markedly.

## South Korea

“The bigger they are, the harder they fall,” is a maxim that aptly describes South Korea's experiences — and those of many of the chaebol<sup>①</sup>, the country's industrial conglomerates<sup>②</sup> — during the Asian financial crisis. South Korea was one of the countries worst hit by the crisis, and its IMF-led emergency bail-out programme cost around US\$60 bn.

To its credit, South Korea has also been one of the most diligent countries in

① 韩国综合企业财团

② 集团, 联合大企业



implementing post-crisis economic and financial reforms, and it is now reaping the rewards of these efforts. The country's financial sector is one of the region's strongest, combining greater openness with better regulation. It is a measure of the improvement in prudential standards that the crisis among overextended credit-card lenders in 2003 had almost no contagious effect on the broader financial system.

In addition, South Korea's economy is now more transparent and flexible, interest rates are lower, and foreign reserves — which at the height of the crisis in December 1997 were down to US\$ 8.9 bn — have risen massively, to US\$ 243 bn as of end-March 2007. Indeed, South Korea is typical of post-crisis Asian economies in that it now faces considerable difficulty in preventing further accumulation of foreign reserves and keeping its currency from appreciating. This is a concern for exporters, particularly given the current weakness of the yen, as South Korean industrial exporters compete with Japan in numerous sectors.

Despite the progress on reforms that South Korea has made, unfinished business remains. This is particularly the case with regard to the labour market, which is still rigid and prone to disruptive unrest.

## Hong Kong

Hong Kong's small and open economy is inherently vulnerable to events outside its control. As a result, despite not suffering from any of the imbalances that the other crisis-hit economies were showing on the eve of the Asian financial crisis, Hong Kong ended up being one of the worst hit by the turmoil. Real GDP contracted by 5.5% in 1998, and with the territory suffering from six consecutive years of deflation, nominal GDP in Hong Kong did not overtake its pre-crisis level until 2005. Growth in the first five years after the crisis continued to be volatile, with the economy suffering a deep downturn in 2001, after the collapse of the dotcom bubble<sup>①</sup> in the US; the economy also wobbled again briefly in 2003, at the height of the SARS crisis.

However, the past three years have seen a return to sustained, strong economic growth, with real GDP growing by an average of 7.7% in the period 2004 – 2006. The main reason for this strong recovery has been the fast-growing mainland Chinese economy. Booming trade with mainland China has led to a big increase in Hong Kong's

① 网络泡沫