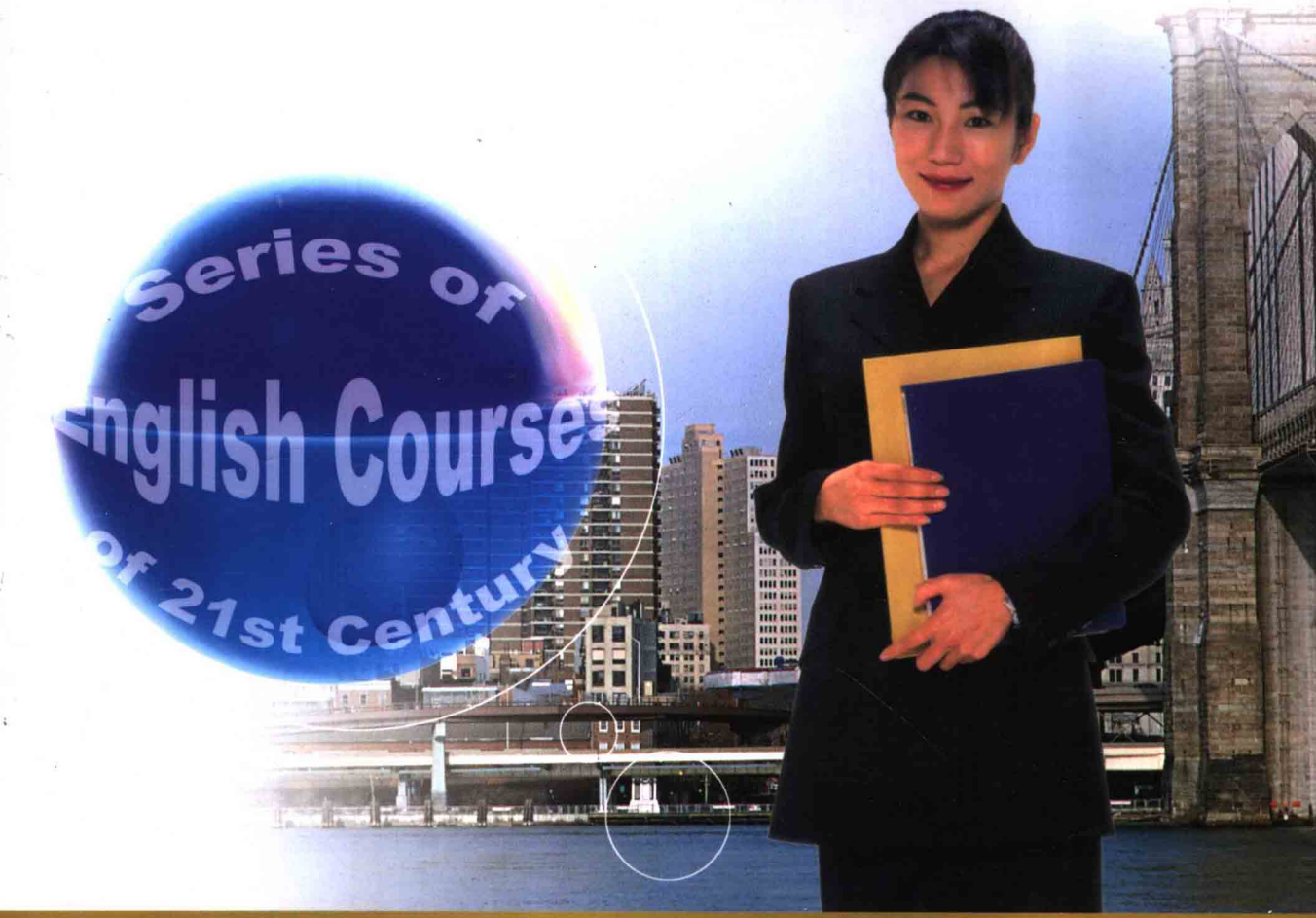
21世纪专业英语系列教程

工商管理专业英语

主编 韩 斌 孟 琦

English Course for Business and Administration



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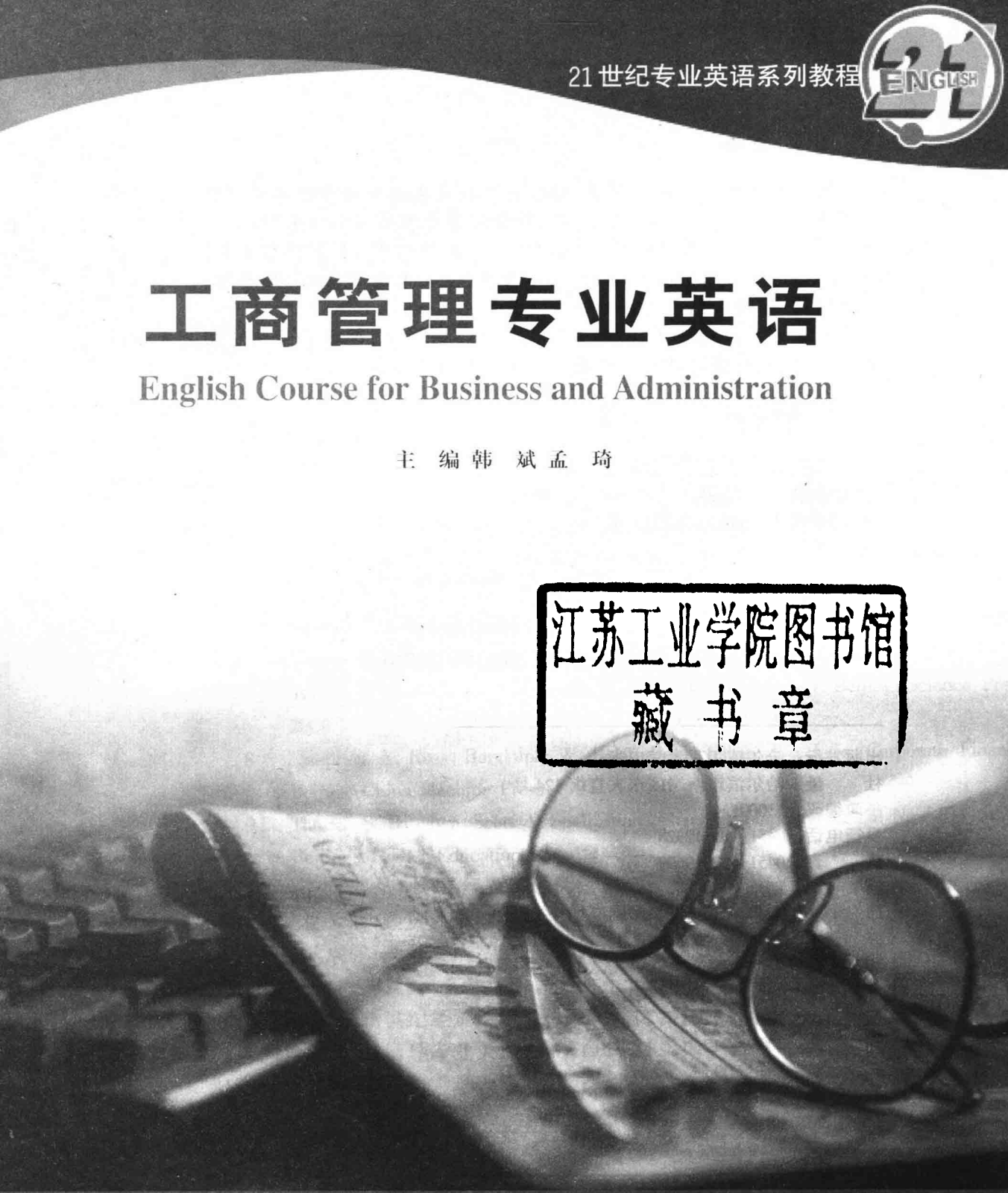

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内容简介

本书是专为高等院校经济、管理类本科学生编写的专业英语教程。所用英语规范、生动，知识体系全面、严谨，符合经济管理的实际发展情况，有助于大学经济、管理专业学生的英语专业课学习。本教材由24个单元组成，涉及管理学、组织行为学、人力资源管理、战略管理、生产与运营管理、经济学、会计学与公司理财、市场营销学等方面知识内容。

本书可用作经济、管理类本科生专业英语教材，也可用于其它相关专业的专业外语教材，以及有一定专业知识人士的自学材料。

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本书基于工商管理专业人才培养的要求，主要介绍工商管理专业的基本理论知识。全书共24篇文章，所有课文均节选于英美原文出版物和国内最新的有关经济管理等方面的书刊，内容涵盖管理学、战略管理、人力资源管理、生产与运营管理、组织行为学、会计学、市场营销学以及经济学等工商管理专业的主要学科门类，并注重专业基础理论知识的介绍。作者编写本书的目的旨在帮助高等院校的经济、管理类学生及各类管理人员学习、掌握基础的专业英语知识，并提高运用工商管理英语的表达能力。

本书得以编写与出版，与哈尔滨工程大学出版社的大力支持是分不开的，特此表示衷心感谢。由于编写本书的时间仓促及作者水平有限，书中错漏之处和不妥，望广大读者批评指正。

编者

2006年10月

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Unit 1

Economics

Interest in economics and economic affairs is increasing at a rapid pace. In the newspapers, on the radio, on television, and in public places, we hear statements every day about this aspect of the economy. To a government leader, economics can mean difficult policy choices between goals that often conflict with each other, making it impossible to please everyone.

But what exactly is the subject that economists from Smith to Marx to the present generation have analyzed? Here are a few definitions of economics:

Economics asks what goods are produced, how these goods are produced and for whom they are produced.

Economics analyzes movements in the overall economy, e. g. trends in prices, output, unemployment and foreign trade. Once such trends are understood, economics helps develop the policy by which governments can improve the performance of the economy.

Economics includes the study of imports and exports among nations. It helps to explain why nations export some goods and not others. It analyzes the effects of putting economic barriers at national frontiers.

Economics is the science of choice. It studies how people choose to use scarce resources to produce various commodities and to distribute them for consumption.

Economics is the study of money, banking, capital and Wealth.

Since the basic task of an economic system is to produce goods and services and to distribute them among the people of a society, the most commonly used definition of economics is: the study of the decision a society makes concerning the production of goods and services and how the society distributes these goods and services among its members.

Economics is typically divided into main branches called microeconomics and

macroeconomics.

Adam Smith is usually considered the founder of the field of microeconomics, the branch of economics, which today is concerned with the behavior of individual entities such as markets, firms, and households. In The Wealth of Nations, Smith considered how individual prices are set, studied the determination of prices of land, labor, and capital, and inquired into the strengths and weaknesses of the market mechanism. Most important, he identified the remarkable efficiency properties of markets and saw that economic benefit comes from the self-interested actions of individuals. All these are still important issues today, and while the study of microeconomics has surely advanced greatly since Smith's day, he is still cited by politicians and economics alike.

The other major branch of our subject is macroeconomics, which is concerned with the overall performance of the economy. Macroeconomics did not even exist in its modern form until 1935, when John Maynard Keynes published his revolutionary General Theory of Employment, Interest and Money. At the time, England and the United States were still stuck in the Great Depression of the 1930s, and over one-quarter of the American labor force was unemployed. In his new theory Keynes developed an analysis of what causes unemployment and economic downturns, how investment and consumption are determined, how central banks manage money and interest rates, and why some nations thrive while others stagnate. Keynes also argued that governments had an important role in smoothing out the ups and downs of business cycles. Although macroeconomics has progressed far since his first insights, the issues addressed by Keynes still define the study of macroeconomics today.

The two branches — microeconomics and macroeconomics — converge to form modern economics. At one time the boundary between the two areas was quite distinct; more recently, the two sub-disciplines have merged as economists have applied the tools of microeconomics to such topics as unemployment and inflation.

In macroeconomics we study the economy as a whole; in microeconomics we look at individual markets. The distinction is important. In microeconomics we might examine the effects of an increase in the price of tomatoes. We can apply the Law of Demand which tells us that — all other things remaining the same — the quantity of tomatoes that people will purchase will go down when the price goes up. We can introduce the concept of price elasticity of demand and attempt to measure how large or small an effect the price increase will have on the quantity purchased. In macroeconomics we might examine the effects of inflation — all prices going up at once. Obviously, the outcome will be quite different.

We would need to make the same type of distinction if we were studying labor markets. If the wages of a particular type of labor — short-order cooks, for example — were to increase we could predict that employers would find ways to get by with fewer hours of that type of labor. That is microeconomics. But if wages were to increase across the entire economy, prediction would be much more complicated. When we just study he wages of short-order cooks, we can ignore the effect that their extra earnings will have on their demand for goods and services since they make up a small proportion of the workforce. But when all wages go up, the effect on overall demand is too large to ignore — so we will have to apply the theories of macroeconomics.

In short, microeconomics is the economics of one thing at a time and macroeconomics is the economics of everything at once.

Key Terms and Notes

aspect *n*. 样子，外表，面貌，方面

taxation *n*. 课税，征税

inflation *n*. 通货膨胀

maximize *vt*. 使增加到最大限度

commodity *n*. 日用品，商品

Adam Smith 亚当·斯密(1723～1790)18 世纪英国哲学家、经济学家，是资产阶级经济学古典学派奠基人之一。其代表作为《国富论》

The Wealth of Nations 国富论

John Maynard Keynes 凯恩斯，英国经济学家，世界最著名的经济学家之一

microeconomics *n*. 微观经济学

macroeconomics *n*. 宏观经济学

General Theory of Employment, Interest and Money 就业，利息和货币通论

household *n*./*adj*. 户/家庭的

mechanism *n*. 机制

consumption *n*. 消费

thrive *vi*. 兴旺，繁荣；旺盛

stagnate *vt*. 使停滞

converge *vi*./*vt*. 会合，集中；会聚/使会合；会聚

subdiscipline *n*.(学科的)分支,分科
Law of Demand 需求规律
workforce *n*.劳动力

Questions

1. What is the basic task of an economic system?
2. What is The Wealth of Nation mainly about?
3. Why have the two subdisciplines merged?

Unit 2

Macroeconomics and Microeconomics

1 Macroeconomics

1 Gross Domestic Product(GDP)

The study of macroeconomics attempts to measure and understand relationships governing overall economic activity. Gross domestic product, or GDP, is the most comprehensive measure of this activity. GDP is the total value of all the final goods and services produced in an economy during a year. GDP = C + I + (X − M) + G, where C represents consumer goods, I represents investment goods, (X − M) stands for net exports (export X less imports M), and G is government spending. GDP can be expressed as a market value, called nominal GDP, or it can be adjusted for inflation, called real GDP.

Business managers use GDP values to get a feel for overall economic conditions and for trends prevailing in the business environment. An increase in GDP has many economic and business-related implications. A consistently increasing GDP, for example, indicates that an economy is healthy and expanding. Managers may perceive a GDP increase as an indication that there may be an accompanying increase in the demand for goods and services within the economy. This might have the positive effects of increasing business revenue and creating more jobs. Managers could also perceive a potential economic expansion in terms of having potentially negative effects if demand exceeds the current supply or if capacity within a market has already been fully utilized and cannot expand any more to meet the new production level.

In the United States, there are other economic indicators managers can use to get a feel

for the trends of the economy. In addition to GDP, the other commonly used barometers are employment statistics, personal income changes, industrial production, the consumer confidence index, and the consumer price index (CPI) etc.

2 The Money Supply and Monetary Aggregates

In the United States, the central bank, the Fed identifies three different components of the overall money supply:

M_1: This is the narrowest category, consisting of only currency, checks, demand deposits, and traveler's checks. This is the category that has the highest liquidity.

M_2: This category includes all M_1 money, but also includes savings, deposits under $10,000, money market deposit accounts, money market mutual account balances, overnight repurchase agreements, and overnight Eurodollar deposits.

M_3: This category contains all M_2 but also includes deposits for repurchase agreements, and Eurodollar deposits, as well as dealer-only money market funds.

The supply of these aggregates available to the public is monitored through the joint activities of the central bank and the commercial banks. Commercial banks make the decision either to extend or not to extend credit to a particular individual or company based on the amount of capital it has to lend. The central bank determines the reserve rates the banks must maintain on outstanding deposits, thereby reducing the amount of capital available to lend to credit customers.

3 Money Supply and Demand

Interest rates also play a key role in determining the available money supply. If interest rates are high, customers may prefer to save money rather than spend it, increasing the available reserves the commercial banks have to work with. Yet the banks, which must pay the interest on these outstanding deposits, must find customers who want to borrow funds so that the bank can earn enough interest revenue to cover depositor interest payments and, hopefully, have funds left over in the form of profits.

Interest rates also affect the demand for money. Economic activity can be viewed as a series of transactions, where money is the vehicle on which these transactions are based. If there is a great deal of economic activity, or a high number of transactions, the demand for money increases. If the interest rates are high, the borrowing cost of firms are high, therefore

demand for money is decreased.

4 The IS/LM Curve

The complicated relationship between money supply, demand, and output of an economy is summarized through the use of IS/LM analyses. The IS curve represents the different possible combinations of aggregate output and interest rates such that the total quantity of goods produced equals the total number of goods demanded, or those combinations of output and interest that achieve market equilibrium.

The LM curve represents the combinations of aggregate output and interest rates that the total amount of money demanded equals the quantity of money supplied, or those combinations of output and interest that achieve money market equilibrium.

Taken together, the IS/LM curves intersect at a point that indicates the equilibrium levels for aggregate output as well as for interest rates such that both goods market equilibrium and money market equilibrium are achieved and maintained. Moreover, the IS/LM analysis illustrates the inextricable relationship between interest rates, money supply, and GDP.

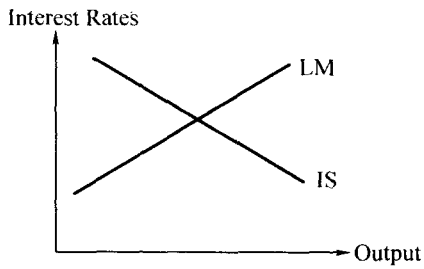

Figure 2.1 The IS/LM curve

5 Two leading schools of thought in Macroeconomics: Keynesianism vs. Monetarism

There has been heated debate between two schools of thought in macroeconomics regarding the role of government. Keynesians hold that government intervention can significantly improve the operation of the economy while monetarists believe that markets work best if left alone with minimal government interference. Their major arguments can be

summarized as follows:

• **Keynesian Thought**

Free enterprise without government intervention does not cause full employment.

Unemployment is the big problem that needs a solution.

With government spending and monetary policy, government should smooth out the business cycles.

Adequate information is available to take government action.

Government spending can help spur efficient economic growth.

• **Monetarist Thought**

Free market economics are best in the long run even at the cost of unemployment.

Inflation is the big evil; it is a tax on everyone.

Government intervention makes the economy worse off in the long run.

Available economic data are usually inaccurate and too late for useful government intervention.

Government spending crowds out efficient private activity.

2 Microeconomics

1 Revenue, Cost, and Profit Equations

Managers can also use microeconomics tools to assess the maximum and minimum values for revenue, cost, and profit equations. To understand these relationships, however, one must first learn what components make up these three equations.

Revenue, simply put, is all the money a firm makes before any expenses are taken out. In other words, revenue is equal to the number of units of product sold times the price each unit is sold for. In its simplest form, Revenue ≈ Price × Quantity Sold. Clearly, this equation becomes slightly more complex for firms that produce more than one product, but the general principle remains the same.

Cost equations can be slightly more complex than their revenue counterparts. Total cost equations consist of a part that represents variable costs, or costs that change depending on how many units a firm produces, and fixed costs, which do not change with production. An

example of a variable cost would be material expenses, whereas an example of a fixed cost would be a company's rent. Thus, in its simplest form

Total cost (TC) = Variable Cost (VC) × Quantity Sold (Q) + Fixed Cost (FC)

Profit equations measure what a firm makes after it covers its costs of production. This translates to a firm's revenue less its costs, or:

Profit = (Price × Quantity Sold) - [(Variable cost × Quantity Sold) + Fixed Cost]

2 Elasticity of Demand

Elasticity of demand refers to the change in behavior of buyers when there is a change in the price of a product. More specifically, elasticity of demand is calculated as

Elasticity of Demand = [% change in quantity of product demanded]
/[% change in price]

Under the most basic conditions, the supply and demand curves presented earlier indicate that buyers are directly sensitive to price, such that the lower the price of an item, the greater the quantity of the item the buyers are willing to purchase, and the reverse. There are conditions, however, when the relationship of price to quantity is not so direct, nor is selling fewer units of a product necessarily a negative outcome.

Consider the revenue equation Revenue = Price × Quantity

It is the objective of the manager to maximize revenue. The concept of demand elasticity allows for the possibility that an incremental increase in price will not necessarily result in an identical decrease in the quantity sold, where the net change in revenue is zero. It is possible that an incremental increase in price, while it might prompt a decrease in demand, will prompt a lesser decrease incrementally, resulting in an overall increase in revenue. Many daily necessities fit into this category.

While the concept of elasticity is a useful one, few of any managers have the luxury of randomly choosing prices for products until revenue is maximized. Fortunately, there is a more scientific method.

3 Optimization

The concept of optimization, or the practice of maximizing revenue and profits and minimizing costs, rests on the idea of marginal analysis. Reconsider the plight of the manager who wants to maximize revenue for a specific product. Ideally, the manager wants to find the

right combination of price and quantity so that when they are multiplied, they yield the highest revenue amount possible. Since trial and error is not an option, how can this be done?

Suppose trial and error were an option. The manager's strategy might be to increase the price of a product by one dollar each week and note the corresponding effect on quantity sold and overall revenue. Effectively, the manager would be evaluating the corresponding change in revenue for every one-unit change in price. If the current price of the product is lower than the market will bear, then increasing the price will yield a positive change in revenue. If the manager over-does it and sets the price of the product too high, the change in revenue will be negative. From this, it stands to reason that the manager will know when he or she has hit the right price when the change in revenue is neither negative nor positive. This is an intuitive explanation of marginal analysis.

Performing marginal analyses enables managers to find the right combination of price and quantity that maximizes revenue without trial and error. To derive a marginal function given total function, one must take the first derivative of the dependent function with respect to its independent variable. In this case, one would find marginal revenue by taking the first derivative of the total revenue function and solving for the quantity that made marginal revenue equal to zero. For example, If total revenue (TR) = $120 \times Q - 3 \times Q \times 2$, where Q is quantity sold, and TR = $P \times Q$, then marginal revenue (MR) = $120 - 6Q$ and marginal revenue would be optimized where $120 - 6Q = 0$, or $Q = 20$.

Managers also use technique of optimization to find levels of production that minimize total costs. Recall that:

Total Cost = Variable Costs + Fixed Costs or TC = AQ + C

Where Q is quantity and A and C are constants. In marginal analysis, only terms that contain variables get differentiated on. Thus, the marginal cost function (MC) represents the transition of variable costs to marginal costs, where the marginal cost associated with a given unit represents the additional cost of producing the next unit. Setting the marginal cost equation to zero and solving for a Q value can minimize total costs.

The last critical value that managers want to maximize is profit. Recall that:

Profit (MP) = TR - TC or $P \times Q - (AQ + C)$

Profit is optimized by finding the values for which the marginal profit function equals zero. Taking the first derivative of the profit function requires taking the first derivative of the revenue and total cost functions, respectively, such that:

MP = MR - MC or MR = MC

This final equation is one of the founding rules and neatest applications of microeconomics for real-world managers. It states that profit is maximized when a company produces a level of output such that the incremental revenue earned on producing the next unit is equal to the incremental cost incurred of producing the next unit. Since producing one unit more would result in the company incurring an incremental cost greater than the incremental revenue benefit from selling that unit, the company should limit production to the number of units that make its marginal profit equation equal to zero.

4 Market Structures

The concept of market structure is central to economics. In decision-making analysis, market structure has an important role through its impact on the decision-making environment. The extent and characteristics of competition in the market affect choice behavior among the actors.

In economics, markets are classified according to the structure of the industry serving the market. Industry structure is categorized on the basis of market structure variables that are believed to determine the extent and characteristics of competition. Those variables that have received the most attention are number of buyers and sellers, extent of product substitutability, costs, ease of entry and exit, and the extent of mutual interdependence. In the traditional framework, these structural variables are distilled into the following taxonomy of market structures:

(1) Perfect Competition—many sellers of a standardized product. A seller in a perfectly competitive market is characterized as a "price-taker" because it can only react to the market price and cannot by itself cause the market price to go up or down. A typical example of perfect competition is the wheat market in the United States where there are nearly 500,000 wheat sellers.

(2) Monopolistic Competition—many sellers of a differentiated product. Copy stores are good examples of monopolistic competition. The copies may be the same, but the service varies. Kinko's copy centers, for instance, sell copies for seven cents each, while some economy stores charge lower fees. Kinko's justifies the higher price by being open 24 – hours and offering competent and friendly service in clean stores. In contrast, the lower-priced stores provide bare-bone service. But the existence of discounters places an upper limit on copy prices for the whole market. As a result, Kinko's would most likely suffer if it charges