

Economic systems

Answer key and audioscript

A - Vocabulary

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|------|-------|
| 1. B | 7. A |
| 2. A | 8. B |
| 3. B | 9. A |
| 4. C | 10. C |
| 5. A | 11. A |
| 6. C | |

B - Comprehension

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|------|------|
| 1. A | 4. B |
| 2. E | 5. D |
| 3. F | 6. C |

C - Listening

Pygmies are a race of people who live in the rainforests of Asia and Africa. Pygmies are famous for their height because adult pygmies stand only 1 metre 50 tall. But this is not the only reason why they are special. They are also special because they have some of the last traditional economies in the world.

The Mbuti are a Pygmy tribe who live in the forests of central Africa. The heavy rain and warm temperatures of the forest make them a rich source of food. In fact, the Mbuti take everything they need from the forest, which is why they call it 'Mother'. Fruit, roots, mushrooms and meat make up their diet. Their houses, too, come from the forest. These are huts made from the branches of young trees and covered in leaves.

The Mbuti own almost nothing. Even their houses are temporary. When they can no longer find food, families will move to another part of the forest. Usually the Mbuti men go hunting with bows and arrows. Sometimes hunting is done using nets. Then women help, too. Women build the houses and do the cooking. However, both the men and women look after the children.

Because the forest is so rich in food, the Mbuti don't spend much time hunting or collecting. Most of their day is spent in the tribal village singing, playing and telling stories.

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|------------------------|---------------------|
| 1. Asia | 5. trees and leaves |
| 2. height | 6. Men and women |
| 3. traditional economy | 7. Women |
| 4. Africa | 8. Men and women |

D - Vocabulary

- | | |
|------------------|-------------------|
| 1. street market | 8. theoretical |
| 2. advertise | 9. controlled |
| 3. role | 10. limit |
| 4. incentive | 11. raise, reduce |
| 5. profit | 12. afford |
| 6. competition | 13. prepared |
| 7. costs | |

F - Listening

The eighteenth century economist, Adam Smith, believed that the market economy was good for society.

He understood that people only work for their own, selfish interest. They work to make money so that they can live comfortably. They don't work for the general good of their neighbours or their country.

However, in a free market, only the products and services which everyone wants are sold. According to Smith, people only want what they need. In other words, only what is good for society is in demand. Producers and service providers only offer what is in demand. In this way, Smith said, people in a free market work for their own benefit, but at the same time an invisible hand guides them to work for the good of everyone.

However, Smith's theory does not always work. People do not always want what they need or what is good for them. Advertising can create demand for things which we don't need to survive, like computer games or DVD players. Moreover, there are products which can harm us, tobacco and alcohol, for instance, but people continue to buy them. The invisible hand doesn't always seem able to guide the market for the good of everyone.

H - Writing

Discursive essay

Two kinds of economies are the traditional economy and the market economy. The traditional economy exists in a society where there is no trade. In this economy people do not have money because they do not need it. The market economy exists in societies where people buy and sell goods. In the market economy, people need money so they can buy products.

In the traditional economy, people rely on nature. They hunt and grow only the food they need. On the one hand, this is an advantage. These people have no reason to fight because they do not own anything. This means they are peaceful. On the other hand, this is a disadvantage. These people are poor. Furthermore, they cannot protect themselves against natural disasters because they have no technology. This means they often die of hunger and disease.

In the market economy, supply and demand controls what sells. This is an advantage because producers have to provide customers with the quality and prices they want. However, producers need an incentive, and this is profit. Firstly producers compete with each other in order to sell their product and make a profit.

Secondly, producers use technology in order to spend less on labour. This can be a disadvantage because if people do not work, they do not have money to spend on goods. Consequently, the producer cannot make a profit.

In my opinion, the best system is the market economy. Unfortunately, as the incentive is profit, governments set limits in order to control the economy. This means a true market economy cannot exist.