



Economy policy and Indicators

- Listen to the audio carefully and answer the questions

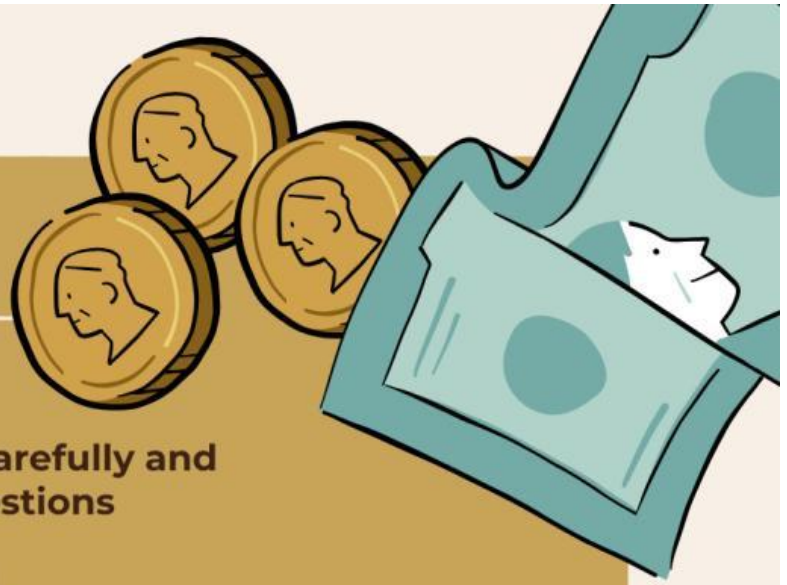


1. What does GDP measure?
2. What is the main difference between monetary policy and fiscal policy?
3. Why might low interest rates encourage economic growth?
4. How do economists use the CPI?
5. What does a trade deficit indicate about a country's exports and imports?

- **Give your opinion on the following questions:**

1. Which economic indicator do you think is most important for understanding a country's economy? Why?
2. How might a high unemployment rate impact everyday people and businesses?
3. In your opinion, should governments focus more on fiscal policy or monetary policy during a recession? Explain.





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Anna: Hey, did you see the news about the country's economy? The government announced some big changes in fiscal policy.

Mark: Really? What are they doing?

Anna: They're cutting taxes and increasing spending on infrastructure projects. They said it's to boost economic growth since the GDP has been pretty stagnant lately.

Mark: That makes sense. But isn't there a risk of creating a bigger budget deficit?

Anna: True, but I think they're hoping that the higher growth will offset the deficit in the long run.

Mark: Interesting. What about monetary policy? Have you heard if the central bank is doing anything with the interest rate?

Anna: Yes, they're keeping rates low to encourage borrowing. But they're also watching out for signs of rising inflation.





Mark: Inflation is tricky. If prices go up too quickly, it'll hurt people's purchasing power.

Anna: Exactly. And there's also the issue of unemployment. The unemployment rate has been high lately, so they're trying to create more jobs.

Mark: I wonder how all of this will affect our trade balance. If we import more than we export, it could hurt the economy even more.

Anna: Definitely something to keep an eye on. It's all connected!

- What changes did the government make to fiscal policy?
- Why are they keeping interest rates low?
- What is the government trying to achieve by spending more on infrastructure projects?
- Why is inflation a concern, according to the conversation?
- How does Mark think the trade balance could affect the economy?



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- Based on the dialogue, write a short paragraph (8-10 lines) answering the following question: *Do you agree that cutting taxes and increasing spending is the best way to boost economic growth? Why or why not?*