GENERAL ECONOMIC ENGLISH

Week 02: Economic Agents and Economic Activities

1. Main Academic Text & Core Concepts

An economic agent is an individual, group, or organization that engages in economic activities, makes economic decisions, and impacts the economy. The primary economic agents are Households, Business Firms, the Government, and Financial Institutions.

Households act as consumers of final goods and services and as suppliers of factors of production (labour, land, capital, and entrepreneurship). Firms utilize these productive factors to produce goods and services, generating income for households in the form of wages, rent, interest, and profits.

The Circular Flow of Income model illustrates the continuous movement of money, resources, goods, and services between these agents. In a closed two-sector economy, households spend their income on goods produced by firms (Consumption Expenditure), while firms pay households for their labor and resources (Factor Payments). Adding the government introduces taxation and public expenditure, while financial institutions facilitate savings and investments.

2. Key Terminology & Academic Definitions

Economic Agent	Noun	An entity that makes decisions regarding the allocation of resources.
Household	Noun	A residential unit of consumers that provides factors of production.
Firm	Noun	A commercial business organization that produces goods or services.
Circular Flow	Noun	A model depicting how money and resources move through an economy.
Expenditure	Noun	An amount of money spent on goods, services, or investments.
Factor Payments	Noun	Payments made for the use of factors of production (wages, rent, interest).
Investment	Noun	The allocation of resources into assets to generate future income.

3. Language Focus: Describing Functions & Structural Relationships

Using 'There is / There are': Express existence of agents or components: 'There are four main economic agents in a modern economy.'

Action Verbs for Roles: Use active verbs to define functions: 'Firms produce goods', 'Households supply labour', 'Governments collect taxes.'

Linking Words for Flow: Use sequence and flow connectors: 'Consequently', 'As a result', 'In return', 'While'.