GENERAL ECONOMIC ENGLISH

Week 08: Inflation, Unemployment and the Labour Market

1. Main Academic Text & Core Concepts

Inflation and unemployment represent two critical macroeconomic challenges. Inflation is defined as a sustained increase in the general price level of goods and services in an economy over time. As prices rise, Purchasing Power—the real quantity of goods money can buy—declines. Economists measure inflation using indices such as the Consumer Price Index (CPI). Inflation can be caused by excess aggregate demand (Demand-Pull) or increased production costs (Cost-Push).

Unemployment occurs when individuals who are capable of working and actively seeking employment are unable to find jobs. The Unemployment Rate is the percentage of the total workforce that is unemployed. Main types include Frictional (job transitions), Structural (mismatch of worker skills and market needs), and Cyclical (caused by economic downturns).

The Labour Market is the space where suppliers of labor (workers) interact with demanders of labor (employers). Labor pricing is expressed through Wages (hourly/daily payments) and Salaries (fixed annual payments). Unbalanced labor markets can lead to economic stagnation and social inequality.

2. Key Terminology & Academic Definitions

Inflation	Noun	A sustained increase in general price levels, eroding purchasing power.
Purchasing Power	Noun	The financial ability to buy goods and services with a given currency unit.
Unemployment Rate	Noun	The percentage of the active labor force that is without work.
Consumer Price Index (CPI)	Noun	An index measuring changes in prices of a basket of consumer goods.
Workforce	Noun	The total number of people employed or available for work in a country.
Wage	Noun	Payment made to a worker, typically paid on an hourly or weekly basis.
Salary	Noun	A fixed regular payment made by an employer to an employee

monthly/annually.

3. Language Focus: Cause-and-Effect Expressions & Modal Probability

Cause-and-Effect Structures: Connect macroeconomic events: 'High production costs cause inflation'; 'Inflation results in reduced consumer spending.'

Prepositional Phrases of Cause: Use 'due to', 'as a consequence of', 'owing to', 'because of'.

Modals of Probability: Express economic forecasts: 'Rising wage demands may fuel further inflation.'