



● **flight of capital** N-UNCOUNT

Flight of capital is when people lose confidence in a particular country's economy, and so start to remove their money from that country. This often has the effect of making that country's economic situation worse.

The interest-rate rise should slow the flight of capital. TI has seen its shares suffer because of a flight of capital to telecom and Internet-related businesses.

● **infrastructure** (infrastructures) N-VAR

The **infrastructure** of a country, society, or organization consists of the basic facilities such as transport, communications, power supplies and buildings, which enable it to function.

The infrastructure, from hotels to transport, is old and decrepit. ...improvements in the country's infrastructure.

Common Collocations

an infrastructure **project**
infrastructure **investment**
infrastructure **spending**
infrastructure **development**

● **deregulate** (deregulates, deregulating, deregulated) VERB

deregulation N-UNCOUNT

To **deregulate** something means to remove controls and regulations from it. **Deregulation** is the removal of controls and restrictions in a particular area of trade.

Once wholesale prices are deregulated, consumer prices will also rise.

Deregulation of the power market is not necessarily the best option, because free market principles seldom work when there is no free market.

● **dump** (dumps, dumping, dumped) VERB

If one country **dumps** goods in another country, the first country exports a very large quantity of cheap goods to the second country.

The Commerce Department has ruled that the Japanese companies have been dumping minivans at unfairly low prices in the US.

The US will dump 22,000 tonnes of subsidised milk powder, butterfat and cheese onto Australia's traditional markets in Asia.

● **subsidy** (subsidies) N-UNCOUNT

A **subsidy** is money that is paid by a government or other authority in order to help an industry or business, or to pay for a public service.

European farmers are planning a massive demonstration against farm subsidy cuts.

They've also slashed state subsidies to utilities and transportation.

● **recession** (recessions) N-VAR

A **recession** is a period when the economy of a country is doing badly, for example because industry is producing less and more people are becoming unemployed.

The recession caused sales to drop off.

We should concentrate on sharply reducing interest rates to pull the economy out of recession.

Common Collocations

a **deep** recession to **sink into** a recession
a **severe** recession to **come out of** a recession
a **global** recession to **emerge from** a recession
recession-**proof** recession-**hit**

● **inward investment** N-UNCOUNT

Inward investment is the investment of money in a country by companies from outside that country.

The UK is the main location in Europe for inward investment and the third largest recipient of inward investment in the world.

● **law** (laws)

1 N-SING

The **law** is a system of rules that a society or government develops in order to deal with crime, business agreements, and social relationships. You can also use the law to refer to the people who work in this system.

It is against the law to discriminate on the basis of sex, age, marital status, or race.

Trading-standards officers suspect that many firms are breaking the law by not advertising the full cost of last-minute holidays.

2 N-COUNT

A **law** is one of the rules in a system of law which deals with a particular type of agreement, relationship, or crime.

French lorry drivers say they will be put out of business by the new law which cuts the working week from 39 to 35 hours.

Common Collocations

to **change** a law to **become** law
to **pass** a law to **break** the law
law-**abiding** by law
law **enforcement** against the law

● **regulation** (regulations) N-COUNT

Regulations are rules made by a government or other authority in order to control the way something is done or the way people behave.

The European Union has proposed new regulations to control the hours worked by its employees.

Under pressure from the American government, Fiat and other manufacturers obeyed the new safety regulations.

☉ **boom:** Topic 7.1



PRACTISE YOUR VOCABULARY

1 Match the statements on the left with a sentence on the right that has the same meaning.

- | | |
|--|--|
| a There has been a flight of capital. | i Profits are falling and unemployment is rising. |
| b Businesses cannot succeed without the backup of a good infrastructure. | ii It will put more money into the sector to protect it from foreign competition. |
| c The government is going to deregulate the industry. | iii It is going to remove rules that limit the way management can operate. |
| d The company has been dumping its products. | iv Large amounts of money have been moved out of the country in a short space of time. |
| e The government is increasing its subsidies to agriculture. | v Manufacturers are obliged to obey national rules relating to the design of their product. |
| f There is a recession. | vi Foreign business is putting more capital into its operations in our country. |
| g Inward investment is increasing. | vii It has been selling abroad at below the cost of production in order to ruin its competitors. |
| h The government has introduced new car safety regulations. | viii They need to use the transport system and they need an educated and healthy workforce. |

2 Your company wants to start manufacturing in country X. Which of the following points would make you feel confident (plus points) about investing, and which ones would worry you (minus points)?

	plus points	minus points
a There has been a recent flight of capital from the country.		
b The transport infrastructure is well-maintained.		
c Many industries have been deregulated.		
d Many European countries dump their products there.		
e Government subsidies are available for foreign investors.		
f The country is in recession.		
g There are many regulations concerning workers' wages.		
h The country attracts inward investment from the Japanese.		

3 Which of the following statements are true and which are false?

- | | True | False |
|---|--------------------------|--------------------------|
| a If an industry dumps its products abroad it can cause problems for the same industry in the receiving country. | <input type="checkbox"/> | <input type="checkbox"/> |
| b Most governments like to try to prevent any increase in inward investment. | <input type="checkbox"/> | <input type="checkbox"/> |
| c Some governments give subsidies to sectors of the economy which are threatened by overseas competition. | <input type="checkbox"/> | <input type="checkbox"/> |
| d Deregulation can increase the range of options for management. | <input type="checkbox"/> | <input type="checkbox"/> |
| e A flight of capital is a sign that a government's economic policies are popular with business. | <input type="checkbox"/> | <input type="checkbox"/> |
| f During a recession people buy more and sales figures go up. | <input type="checkbox"/> | <input type="checkbox"/> |
| g If a government announces that it will be increasing investment in its country's transport infrastructure, most businesses will be pleased. | <input type="checkbox"/> | <input type="checkbox"/> |
| h All governments like to take credit for economic booms. | <input type="checkbox"/> | <input type="checkbox"/> |