

BEN 26 – 2013 in Review

Discussion Questions

1. Which events from 2013 do you think were the most important for business? Technology? Education?
2. What events or trends do you expect to happen in 2014?
3. How is the world today different than what you thought it would be 10 years ago? How do you think the world will be 10 years from now?

Transcript

As we **usher in** the New Year, it's worth taking a moment to see how this year's major business themes have **played out**. While **smatterings** of growth and **dips** in unemployment have brought relative stability to Europe and the US, analysts at Nomura **foresee** policy changes that may **reshape** global **prosperity** in the long-term:

The next five years has to be about a **rebalancing** towards the '**real economy**' and the **bottom** 90 percent, **at the expense of** the **top** 10 percent. This **shift** in policy emphasis will not be a happy time for financial markets and **speculators**, but in the long term it will be seen as a major positive event.

The **standoff** in Washington over federal spending and the debt limit led to a 16-day federal government **shutdown** in October and brought the US close to a potential **default**. A last-minute deal put off the next **fiscal fight** until early next year, but as Econ-Matters explains, none of the options are appealing.

To avoid the **recurring** debt ceiling **showdown**, Washington has to address how to cut **federal spending** and/or increase **revenues**. Unfortunately, any federal revenue increase will involve some kind of tax increase mostly to the middle-income class. And cutting the federal spending seems to be in the constant mode of **one step forward, two steps back**.

Emerging markets, aside from China, posted **subpar** results in 2013, yet their **joint** input toward the global GDP is **substantial**. As Business Insider notes, by **adding** another group of countries **to the mix** an impressive picture begins **to take shape**:

The slowdown in the **BRIC** economies is **for real**, but since the end of 2010, their combined GDP has still risen by around \$3.5 trillion; nearly **equivalent** to Germany's economy. Taking them **collectively**, they total more than \$15 trillion, **creeping** closer to the size of the US economy. Throw in the **MINTs** and a couple of others and you get up to \$20 trillion quite easily.

With uncertainty always a **constant** around global markets, technology and **innovation** continue to **pave the way**. Research firm Canals predicts tablets to make up 50%, or 285 million units, of the computer market next year, jumping to nearly 400 million by 2017. Familiar faces will continue to be at the **forefront**, thanks in part to the user experience they've created through Google Play and the App Store.

Although Apple has lost its **dominance** in the tablet market it practically invented, it nonetheless maintains the **edge** in profitability from the devices. Apple is one of the few companies making money from the tablet **boom**. **Premium products** attract **high value consumers**. And for Apple, remaining highly profitable and driving revenue from its entire **ecosystem** is of greater importance than **market share**.

In an effort to **streamline** its services and device production, Microsoft **snapped up struggling** handset maker Nokia who had been **heading down a rocky path** in recent years. As Forbes magazine explains, it's a win-win for both parties:

Nokia has lost about 90% of its market share in the last 10 years and its mobile device business is now about to be **absorbed** into Microsoft. Nokia is getting a second chance at life and instead of **lurching** toward **bankruptcy** and running out of cash, it now gets the chance to **reinvent** itself with a **big fat wallet** to build or buy whatever it wants.

Merging fashion with technology will continue in the year ahead as more day-to-day products are **fitted with** smart technology. Though consumers remain **wary** of **wearable technology**, a future full of smartphone-connected watches and futuristic Google Glasses appears to be **on the horizon**. As technology expert Paul Saffo tells ABC, Samsung and Apple are **banking on** consumers hoping to stay **ahead of the curve**:

This is still the world of **early adopters**, and an early adopter is someone who pays too much money for something that doesn't quite work. It's a **safe bet** that the Apple device is going to be much more cool and **elegant** and probably pretty close to a **fashion statement**.

For most, January 1st is a time **to turn over a new leaf**. Whatever happens in 2014, the **general consensus** is that things are certainly moving in a positive direction, much different from previous years. As Business Insider concludes, we may finally be **out of the woods**:

The euro-area is still a **work in progress**, China presents meaningful question marks, Congressional **gridlock** in the US could still **throw sand in** the federal fiscal **wheels** and **geopolitics** can always surprise. But, enough progress has been made that all of these issues seem less threatening today than 12 months ago.

Vocabulary

To usher in: To assist in welcoming, or mark the beginning; "Cities around the country are ushering in the holiday season."

To play out: To unfold, develop, or progress; "I'm curious to see how these new policy changes will play out at the office; the staff aren't very pleased so far."

Smattering: A small amount of something; "Many parts of the province received just a smattering of snow last week."

Dip: Small decrease followed by a return to the previous level; "Although there was a dip in employee performance during the crisis, things returned to normal when the new CEO took over."

To foresee: To predict, expect, or forecast.

To reshape: To shape or form something differently or again; "The analysis of huge data sets will reshape health care across the country."

Prosperity: The state of being successful usually by making a lot of money; "Economic prosperity in 2014 depends on how quickly all of Europe can return to growth."

To rebalance: To make something balanced or equal; "Governments around the world have worked hard to rebalance their budgets though a combination of spending cuts and tax increases."

Real economy: The part of the economy that is concerned with actually producing goods and services, as opposed to the part of the economy that is concerned with buying and selling on the financial markets."

Top/Bottom: The highest and lowest levels of a range of income; "A salary of \$100,000 will put you in the top 20% of earners in the country."

At the expense of: To the harm of someone or something; "He took a job in a better place at the expense of a larger income."

Shift: Change in attitude, opinion, or judgment; "In 2014, companies may finally shift away from cost-cutting and focus instead on training and development."

Speculator: A person who trades derivatives, commodities, bonds, equities or currencies with a higher-than-average risk in return for a higher-than-average profit potential.

Standoff: A situation in which one force neutralizes or counterbalances the other.

(Government) Shutdown: Closure of government offices, programs, and services due to financial or political reasons.

Default: Failure to meet a financial obligation or repay a debt; "Even though we've renegotiated our repayment terms, we may still default on our loan."

Fiscal fight: An argument or disagreement related to money and expenditures.

Recurring: To happen, come up, or show up again or repeatedly; "The same problem keeps recurring with our IT system; we need to find a permanent solution."

Showdown: A final test or confrontation intended to settle a dispute.

Federal spending: Government expenditures for items including grants, salaries and wages, direct payments for individuals, plus commitments in the form of direct loans, guaranteed or insured loans, and insurance.

(Government) Revenue: Income collected by the government in the form of taxes and fees.

Two steps forward, one step back: A situation in which every time you make progress, something bad happens which causes you to be in a worse situation than

you were to begin with; "Every solution we come up with seems to create more problems than it solves, so it's one step forward, two steps back."

Emerging market: A financial or consumer market in a newly developing country.

Subpar: Not measuring up to or meeting traditional standards of performance, value, or production; "Personally, I think the product design is subpar; our customers won't be impressed with it."

Substantial: Significant or a lot; "Greg put in a substantial amount of work to secure the new funding for our company."

To add (smthng) to the mix: To include or incorporate into an existing situation of value.

To take shape: To begin to show a resemblance of the desired or final outcome; "All of the facilities in Brazil are beginning to take shape in time for the 2014 World Cup."

BRIC(S): Acronym for a group of emerging economies; Brazil, Russia, India, China (South Africa).

For real: Serious, genuine, or legitimate.

Equivalent: Equal in value, measure, force, effect, or significance; "His silence is equivalent to an admission of guilt."

Collectively: With everyone or everything taken into account at the same time; "Collectively, the firm's partners have 111 years of experience,

To creep: To move slowly in the direction of something; "Business has been creeping along slowly this quarter, but next year should be better."

MINT: Acronym for a new group of emerging economies: Mexico, Indonesia, Nigeria, Turkey.

Constant: Continually occurring or persistent; "Our meeting was plagued by constant interruptions."

Innovation: Something newly introduced, such as a new method or device; "The computer is one *innovation* that revolutionized the business world."

To pave the way: To lead or make future goals easier to reach for others; "Experiments that paved the way for future research."

To predict: To tell of or describe beforehand; "I can't even begin to predict what housing prices will be like 30 years from now."

Forefront: The leading or most important part of a movement; "She's businesswoman who was in the forefront of women's rights."

Dominance: Controlling power or influence over others.

Edge: An advantage; "Being able to speak multiple languages can give new graduates a serious edge when it comes to finding a job."

Boom: A period of quick and extended growth; "With so many growing economies, in the next 5 years we predict a boom in investment in South America."

Premium products: High quality and expensive products.

High value consumer: A client or customer who commonly spends a lot of money or brings in a significant amount of business.

Ecosystem: Everything that exists in a particular environment; "Our Chinese facilities are a complete ecosystem of production, dormitories, restaurants and shops."

Market share: The percentage that a company has of the total sales for a particular product or service.

To streamline: To make simpler or more efficient; "Our new learning management system really streamlines the process of tracking a student's progress."

To snap up: To purchase very quickly when something comes available.

Struggling: Undergoing a difficult period (generally financially); "Families and businesses around Europe are struggling to pay their bills each month."

To head down a rocky path: To face or foresee a difficult period in the near future.

To be absorbed by/into: To take in and make part of an existent whole; "Our shareholders will need to absorb the losses from last year's weak results."

To lurch: To move suddenly unpredictably.

Bankruptcy: Condition of financial failure caused by not having the money that you need to pay your debts.

To reinvent: To make major changes or improvements to something, or to present it in a different way; "He has reinvented the way that people prepare for business presentations."

Big fat wallet: To have an excessive or seemingly unlimited amount of money.

To be fitted with: To have something added to an existing item, or location; "Our offices have been fitted with new furniture and computers for everyone."

Wary: Suspicious, or not trusting a person or situation.

Wearable technology: Electronic equipment or gadgets which can be worn on the body as clothing or fashion accessories (glasses, watches, etc.).

On the horizon: Just imminent or becoming apparent, happening soon.

To bank on: To count on or assume will likely happen; "You can bank on our competition lowering their prices to match our new offers."

To be/stay ahead of the curve: The act of being/staying in front of the current ways of thinking or trends.

Early adopter: a person who starts using a product or technology as soon as it becomes available.

Safe bet: Someone or something that you are certain will win or succeed; "It's a safe bet that Samuele will be the one to replace the CEO when he leaves."

Elegant: Stylish, sophisticated, or tasteful; "Everyone at the company Christmas party dressed in their most elegant clothing."

Fashion statement: A fashionable item of clothing, accessory, or way of dressing which is intended to get a person noticed or recognized.

To turn over a new leaf: To start to act or behave in a better or more responsible way.

General consensus: General opinion or agreement of a topic.

To be out of the woods: To be safe or past a difficult period.

Work in progress: Incomplete or half-finished.

Gridlock: A point in a dispute at which no agreement can be reached.

To throw sand in the wheels: To cause to be damaged, unusable, or inefficient.

Geopolitics: The relationship among politics and geography, demography, and economics, especially with respect to the foreign policy of a nation.

Language Review

A. Collocations

Match words from each column to make collocations found in the article.

1. Play	a. Statement	
2. Early	b. Economy	
3. Snap	c. Consensus	
4. Fashion	d. Adopter	
5. Absorb	e. Up	
6. General	f. On	
7. Real	g. Out	
8. Bank	h. Into	

B. Vocabulary Quiz

1. A global city is bound to be a _____ city.
 - a. Prosperous
 - b. Shifting
 - c. Booming
 - d. Streamlined
2. "My _____ for 2014 are that China will continue to grow, and Europe will still _____."
 - a. Foresee/default
 - b. Reinvention/boom
 - c. Predictions/struggle
 - d. Edge/bankrupt
3. According to the article, which of the following regions may have strong investment opportunities?
 - a. North America
 - b. BRICS
 - c. Europe
 - d. MINTs

4. According to the article, which of the following is NOT something we should expect in 2014?
- Tablets to outsell smartphones.
 - Tablets to outsell computers.
 - Smartphones to sell less than computers.
 - Computers to outsell tablets
5. "Although our results were _____ last quarter, I expect the next 6 months to be very strong."
- Wary
 - For real
 - Equivalence
 - Subpar
6. Which of the following expressions best expresses the statement: "Our difficulties are finally behind us."
- "We're out of the woods."
 - "We're taking two steps forward and one step back."
 - "We're paving the way forward."
 - "We're heading down a rocky path."
7. The decrease disappointed investors who _____ a rise during the so-called 'Santa rally' - a trend for stocks to rise during December.
- Have been snapping up
 - Had been banking on
 - Had been fitting with
 - Will be ushering in
8. In order to increase _____, we need to develop new products.
- Dominant
 - The real economy
 - Market share
 - Government revenues
9. "Mandela _____ a time when the world was fair to people of all races, colors, and nationalities."
- Reinvented
 - Shifted
 - Rebalanced
 - Foresaw
10. "It's been a few months, but our website is still a _____"
- New leaf
 - Work in progress
 - Sand in the wheel
 - Rocky path

Answers

A. Collocations

1. Play	a. Statement	Play Up
2. Early	b. Economy	Early Adopter
3. Snap	c. Consensus	Snap Out
4. Fashion	d. Adopter	Fashion Statement
5. Absorb	e. Up	Absorb Into
6. General	f. On	General Consensus
7. Real	g. Out	Real Economy
8. Bank	h. Into	Bank On

B. Vocabulary Quiz

1) A; 2) C; 3) D; 4) B; 5) D; 6) A; 7) B; 8) C; 9) D; 10) B

Online Practice

Click the "Launch" button to open the **online practice**:

Launch Quiz