

Listen to this excerpt from a radio show in which listener's ask questions about the American economy.

**Optional activity:**

While you listen, decide whether the following sentences are true or false.

Sentence	True or false?
1. Mustafa wants to know why US steel producers are losing money.	
2. US car buyers are looking for smaller cars.	
3. Ford and General Motors have very big 'legacy costs'.	
4. Japanese car manufacturers can produce cars in the US cheaper than Ford and General Motors.	
5. The US sells more goods to China than it buys.	
6. Mike says this is a difficult question to answer.	
7. Factory workers in the US worry that their jobs will be moved to China.	
8. Economic development in China is an opportunity for US manufacturers.	

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**Presenter:** Good afternoon and welcome to 'Our changing world'. This week we're discussing the American economy. Just how long will it continue to be the world's number one economy? In the studio with me is the global economist Mike Bevan. Hello Mike, and thanks for being with us.

**Mike:** It's a pleasure to be here.

**Presenter:** Now, to our first caller, Mustafa from Dhaka in Bangladesh. Mustafa over to you ....

**Mustafa:** My question is about car production in the U.S. How is it that U.S. car manufacturers such as General Motors and Ford are losing so much money?

**Presenter:** Mike ...

**Mike:** Yes, you're right, Mustafa. They are losing lots of money at the moment. There are several reasons for this. The high price of oil – this means that the U.S. car buyer is now looking for a smaller car that uses less petrol. U.S. manufacturers aren't good at producing this type of car. Another issue is that companies like Ford and General Motors have enormous 'legacy costs', these are payments that companies are obliged to make to healthcare schemes and pension funds. A Japanese car manufacturer can set up a factory in the U.S. with none of these costs and can produce energy efficient cars that American consumers are looking for very profitably ..

**Presenter:** Does that answer your question, Mustafa?

**Mustafa:** Yes, thanks – can I ask Mike about the impact of the Internet on American business?

**Presenter:** Go ahead ..

**Mustafa:** Mike, the US has a very big trade deficit with China – is this a problem for the US economy?

**Mike:** You're right Mustafa, China sells a lot more goods to the US than the US sells to China, Is this a problem? ..... There isn't an easy answer here. US factory workers may feel that their jobs are at risk as it's very cheap to make goods in China. They worry that their jobs may be moved to China. But these same workers can now buy a lot more with their dollars – the cost of clothes and electrical goods has decreased a lot over the last five years. These cheap clothes and electrical goods are usually made in China. At the same time China is a growing market for US goods. There are lots of opportunities for US manufacturers to sell their products in China.

**Presenter:** Thanks Mike and thanks to Mustafa in Dhaka, now to our next question from Wu Li in Shanghai ....

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**Answer key: 1. False; 2. True; 3. True; 4. True; 5. False; 6. True; 7. True; 8. True**