

IV Congreso Latinoamericano de Traducción e Interpretación

**ECONOMICS FOR SPANISH/ENGLISH
TRANSLATORS**

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Abstract

What do ministers of finance talk about when they get together? Based on a Spanish-language source text on Latin America, this lecture will explore the basics of economics, with emphasis on meaning and proper usage in English and Spanish. The main topics covered will be GDP growth, exchange rate regimes, the balance of trade, the fiscal deficit, unemployment and inflation.

Background information and comparative statistics will be given to highlight the significance of the terms in the context of Latin America and its development. All the terms discussed will be listed in a Spanish-English glossary, with definitions specifically tailored to the needs of translators.

1. INTRODUCTION

1.1 Purpose

The purpose of this workshop is to introduce translators to some basic economic terminology in English and Spanish and to provide background information and comparative statistics to highlight the significance of the terms in the context of Latin America and its development. Definitions of the terms are provided and have been specifically tailored to the needs of translators, simplified where necessary for easy referral. All the terms and definitions are listed in the attached glossary.

1.2 Sources of Terminology

This presentation is based on the writer's 15 years of experience translating from Spanish into English in an international organization. The main sources of terminology, definitions, statistics and other information cited are the *Balance preliminar de las economías de América Latina y el Caribe, 2002 (Preliminary Overview of the Economies of Latin America and the Caribbean, 2002)* published by the United Nations Economic Commission on Latin America and the Caribbean (ECLAC); the Annual Reports of the Inter-American Development Bank (IDB) and World Bank; the *World Development Report* published by the World Bank; and the *Human Development Report* published by the United Nations Development Programme (UNDP). These resources are all available online (see bibliography).

It is important to remember that statistics vary from one source to the next. The ones cited here are used for illustrative and comparative purposes, and were taken from the same source for the same year wherever possible.

2. ECONOMIC TERMINOLOGY

Turning now to the source text, we will discuss some of the key economic terms it mentions. As for any translation, we must bear in mind the context of the document and its readership. The *Preliminary Overview of the Economies of Latin America and the Caribbean, 2002* is part of the *Statistical Yearbook* published annually by ECLAC. The *Yearbook* reviews economic performance in the region based on official statistics.

As an international organization, ECLAC must of course be careful to use Spanish terminology that is free of regionalisms (*español neutro*). Moreover, because its primary readership is government officials worldwide, its style is quite formal, compared for instance to journalistic writing.

2.1 GDP

Perhaps the most important economic figure is *el producto interno bruto (PIB)* or "gross domestic product" (GDP). GDP consists of the total output of goods and services produced in a given country. Imagine adding up all the crops grown, all the merchandise manufactured and all the services provided (for instance by airlines, restaurants, hotels, banks, translators and so on) in that country during the year. That figure shows the size of the economy.

So how big is the Argentine economy, for example? According to Argentine government statistics, in 2001 the country posted an estimated GDP of US\$453 billion (yes, **billion**). That year, GDP in the region of Latin America and the Caribbean ranged from US\$12 billion in Haiti to US\$1.34 trillion in Brazil, the region's largest economy. The next largest economy, Mexico, had a GDP of US\$930 billion.

Now if we included money coming into the countries from other countries, for instance in the form of foreign investment, that would give us the "gross **national** product" or GNP (*producto **nacional** bruto [PNB]*), so bear in mind that GDP and GNP are not synonymous.

Per Capita GDP

To be sure, a larger country is likely to have a larger GDP. Accordingly, to reflect a country's population, GDP is sometimes expressed as "per capita GDP" (*PIB per cápita*), which is calculated by dividing GDP by the population. The Latin expression *per capita* used in English and Spanish means "by heads" or "for each person".

We saw that in 2001 Mexico's GDP was much lower than Brazil's, but what happens when population is taken into account? With a population of some 100 million, Mexico posted an estimated per capita GDP of US\$9,000 in 2001, higher than the figure for Brazil, which has a population of 170 million, at US\$7,400 in 2000.

Per Capita GDP Growth

However, the ECLAC report is not concerned with GDP per se or per capita GDP, but with per capita GDP growth—its annual increase. How fast is the Latin American economy growing? ECLAC statistics show that average per capital GDP growth was negative at -1.9%. In other words, the economy actually slowed rather than grew compared with the previous year.

2.2 Exchange-Rate Regimes

Anyone who has traveled abroad is familiar with exchange rates: the rate at which a country's "local currency" (*moneda local*) or monetary unit is exchanged for the currency of another country. Note how in this case a higher figure means a lower rate: Arg\$3.65 = US\$1 is a lower rate for the peso than Arg\$3.00 = US\$1 (the peso is worth less if you have to spend 3.65 of them instead of three to buy one United States dollar).

Currency Peg

An exchange rate may or may not be allowed to vary, depending on the system or regime used for the currency in question. With a “currency peg” (*paridad cambiaria*), the exchange rate of a local currency is fixed to a major currency like the United States dollar or French franc. Argentina, for instance, used to peg its currency to the dollar under the so-called “convertibility” (or “currency board”) system.

Note that a currency peg is not the same thing as “dollarization” (*dolarización*), which means to replace the local currency with the United States dollar, as Ecuador, for instance, has done.

Free Float

If a government never intervenes in the currency markets, the currency is said to be on a “free float” (*flotación libre, libre fluctuación*); this is the system Argentina now follows for the Argentine peso. In a free float, if a currency increases in value, the phenomenon is called “appreciation” (*valorización*); when it decreases, “devaluation” (*devaluación, depreciación, desvalorización*).

2.3 The Asian Crisis

Economic reports often make reference to the Asian crisis. What was this infamous Asian crisis? It began in July 1997, when the government of Thailand was forced to devalue its currency, causing the Thai stock market to plunge. In Asia, most of the local currencies were pegged to the United States dollar. Banks made loans to businesses in dollars, in fact lots of loans, including too many for shady deals, with the banking authorities asleep at the wheel. The local currencies had to be devalued, but the bank loans were still in dollars, so the businesses had to spend much more money to pay for them. This made the businesses lose value as well, causing bottom to fall out of the local stock markets.

Currency devaluations and stock market crashes spread across Asia in a process referred to as “contagion.” Outside Asia, Argentina, Brazil, and Russia were among the economies to suffer sharp declines in their stock markets and fluctuations in their currencies.

2.4 Balance of Payments

All the funds flowing into and out of the country come under the general heading of the “balance of payments” (*balanza de pagos*). These statistics measure the difference between a country's income and spending, in terms of trade in goods and services, transfers and other inflows and outflows of funds. Let us first take a look at trade in goods.

Balance of Trade

One component of the balance of payments is the "balance of trade" (*balanza comercial*), which compares exports of goods with imports of goods, expressed in United States dollars. ECLAC statistics show that in 2002, the balance of trade for Latin America as a whole was US\$24.7 billion, meaning that it exported US\$24.7 billion more in goods than it imported.

Current Account Balance

Another component of the balance of payments is the current account balance (*balanza [de pagos] en cuenta corriente*). Note the unusual structure in the full name in English: "the balance [of payments] **on** current account." In Spanish, *balanza [de pagos] por cuenta corriente* is sometimes also used, for instance by the World Trade Organization (WTO) (*Organización Mundial del Comercio, OMC*).

The current account balance equals the trade balance (imports and exports of goods) plus the balances of services, income, and current transfers. An example of services would be international banking; income includes payments from abroad for such things as dividends; and transfers include remittances (*remesas*) sent by immigrants back to their home countries. Remittances may contribute significantly to a country's economy.

For instance, according to Banco de México (the central bank of Mexico, equivalent to the United States Federal Reserve), remittances by Mexicans residing abroad (primarily in the United States) totaled 5.9 billion dollars in 1999, or approximately 0.5 percent of GDP. The case of El Salvador is even more striking: the country has a total population of some 6 million and receives remittances equivalent to over 11 percent of GDP from Salvadorans living in the United States.

Current Account Deficit

According to ECLAC statistics, the estimated current account deficit in Latin America declined from over US\$51 billion in 2001 to close to US\$16 billion in 2002, or the equivalent of 1% of GDP. All the countries posted deficits except for Venezuela, Argentina and Uruguay, where the economic situation led to a drastic reduction in imports.

2.5 Fiscal Deficit

Like businesses, governments have to report their financial balance, the difference between their income—all the money they receive—and their expenditures—all the money they spend. If there is cash left over, it is called a surplus (*superávit*); if the government is in the red, then it has a "fiscal deficit" (*déficit fiscal*). ECLAC statistics show that fiscal deficits were the rule throughout the region, averaging 3.2% of GDP in 2001 and expected to decline only slightly in 2002. Here again, the statistics are expressed as a percentage of GDP.

It is important to note here that the English "fiscal" can have two different but related meanings and the Spanish *fiscal* has another two as well. Webster's Third New International Dictionary—Unabridged states that "fiscal" can mean: (i) having to do with the public treasury or revenues ("fiscal deficit"); or (ii) financial, having to do with the money resources, income, etc. of a nation, organization or person or the managing of money matters, credit, etc. ("fiscal year").

According to María Moliner's *Diccionario del uso del español*, in addition to the above meanings, the Spanish *fiscal* can also refer to: (iii) *el Ministerio [fiscal] público*, the equivalent

of the Public Prosecutor's Office; and (iv) a government official in charge of overseeing public finances, by extension an inspector. In some countries, such as Chile, it can also be the general counsel of an institution.

2.6 Unemployment Rate

Another important measure of economic activity is the unemployment rate. Webster's Third New International Dictionary defines "unemployment" as "involuntary idleness," but an economist's version is a little more complicated.

Labor Force

Before you can calculate who is jobless, first you have to determine who does have a job and who is looking for a job, the population known as the "labor force" (*fuerza laboral*) or "economically active population" (EAP) (*población económicamente activa, PEA*). It is roughly equal to the total population minus those officially below the legal age for work (usually 15), people who are in school, women who voluntarily do not work outside the home, retirees, and those not actively seeking work.

Open Unemployment

The unemployment rate is the percentage of the labor force that is not in paid employment or self-employed, but is available for work and has taken concrete steps to seek paid employment or self-employment. Why "open" unemployment rate? This qualifier underscores the fact that unemployment statistics do not show the whole picture: most people in developing countries cannot afford to be unemployed and officially looking for work for very long, if at all, and will accept any kind of work in the meantime.

To reflect that situation, statistics often also include "underemployment" (*subempleo*)—people accepting jobs for which they are overqualified—and "informal [sector] employment" (*el sector informal o no estructurado; informalidad*), such as unlicensed street vending and unincorporated small businesses. This social situation is reflected in the Spanish terms *desempleo evidente* and *desempleo manifiesto*, which are used as synonyms of *desempleo abierto* by the International Monetary Fund and the World Bank.

2.7 Inflation

Changes in prices are mainly measured by the "consumer price index" (CPI) (*índice de precios al consumidor, IPC*), also known as the "cost-of-living index." According to Webster's Third New International Dictionary—Unabridged, the consumer price index is a measure of "the change in the cost of typical wage-earner purchases of goods and services as a percentage of the cost of these same services in some base period."

Hyperinflation

Any sudden increase in inflation in the region raises the specter of "hyperinflation" (*hiperinflación*). In the 1980s, which are often referred to as "the lost decade" because most countries in Latin America experienced major setbacks in development gains, inflation spiraled out of control in many countries.

For instance, Argentina's official inflation rate in 1990 was 2,300%, meaning that a hypothetical US\$1.00 carton of milk just about doubled in price every other week. Other

countries fared even worse: that year, Brazil's inflation rate was over 2,900%; and both Nicaragua and Peru endured rates of over 7,400%.

III. CONCLUSION

We have barely scratched the surface of the vast field of economics. However, the terminology discussed in this paper should provide translators with the basic concepts necessary to handle a general economic report. The attached annotated bibliography includes notes about helpful resources to which they can turn for more information.

As with any highly technical field, dictionaries are of limited use, but fortunately there are many excellent Internet sites with accurate, up-to-date information in both English and Spanish. Translators should also make a conscious effort to keep abreast of current events by regularly reading the general and/or specialized press, especially in their target language.

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- World Bank, *World Bank Glossary, Spanish/English-English/Spanish*, Washington, D.C., 1996.

Internet Resources:

- Economic Commission for Latin America and the Caribbean: <http://www.eclac.org> and <http://www.cepal.org> Preliminary Overview of the Economies of Latin America and the Caribbean, 2002 <http://www.eclac.org/cgi-bin/getProd.asp?xml=/publicaciones/xml/5/11475/P11475.xml&xsl=/de/tpl-i/p9f.xsl&base=/tpl-i/top-bottom.xsl> Balance preliminar de las economías de América Latina y el Caribe, 2002 <http://www.eclac.org/cgi-bin/getProd.asp?xml=/publicaciones/xml/2/11472/P11472.xml&xsl=/de/tpl/p9f.xsl> Mostly Spanish-language publications, research and studies, projects, databases, news and more
- Foreign Trade Information System (Organization of American States): <http://www.sice.oas.org> Excellent site with information in English, French, Portuguese and Spanish, including the full texts of international trade agreements (such as NAFTA and MERCOSUR agreements) and bilateral investment treaties, as well as links to official investment sites
- Inter-American Development Bank: <http://www.iadb.org> English and Spanish information on IDB projects, publications, policies, research and statistics
- International Labour Organization: <http://www.ilo.org>
- United Nations specialized agency providing information on labor issues in English, French and Spanish

- International Monetary Fund: <http://www.imf.org> IMF Terminology Database (online multilingual glossary of financial terms):
http://www.imf.org/external/np/term/index.asp?index=eng&index_langid=1
Information, reports, statistics, news and publications, mainly in English, but sometimes in French and occasionally also in Spanish.
- United Nations: <http://www.un.org> English, French and Spanish links to all United Nations agencies, including the ILO and UNDP
- United Nations Development Programme: <http://www.undp.org> *Human Development Report*. English: <http://www.undp.org/hdr2002/> Spanish http://www.undp.org/currentHDR_S/ In-depth statistical analysis of economic growth and social progress worldwide by country. Includes helpful glossary of "Selected Definitions." Full report now available online in English, French and Spanish.
- United States Central Intelligence Agency: <http://www.cia.gov> *The World Factbook*: <http://www.cia.gov/cia/publications/factbook/> Overview by country of basic facts, including economic data.
- World Bank: <http://www.worldbank.org> News, publications, topics in development, data on countries and regions, in English, French and Spanish. See in particular the World Development Report 2003 at <http://econ.worldbank.org/wdr/wdr2003/> and economic and social data on each country at <http://www.worldbank.org/data/countrydata/countrydata.html>.

**SPANISH-ENGLISH ECONOMICS GLOSSARY
WITH SELECTED DEFINITIONS**

ESPAÑOL	ENGLISH
balanza [de pagos] en cuenta corriente; balanza [de pagos] por cuenta corriente	current account balance; balance [of payments] on current account <i>The balance of trade plus the balances of services, income and current transfers</i>
balanza comercial	balance of trade <i>Exports of goods compared with imports of goods</i>
balanza de pagos	balance of payments <i>Difference between a country's income and spending, in terms of trade in goods and services, transfers and other inflows and outflows</i>
Banco Interamericano de Desarrollo (BID)	Inter-American Development Bank (IDB)
Banco Mundial	World Bank
Comisión Económica para América Latina y el Caribe (CEPAL)	Economic Commission for Latin America and the Caribbean (ECLAC)
déficit en cuenta corriente	current account deficit <i>A negative current account balance</i>
déficit fiscal	fiscal deficit <i>The shortfall in financial resources that occurs when government spending is higher than government income</i>
desempleo abierto, evidente, manifiesto	open unemployment <i>All people above a certain age who are not in paid employment or self-employed but are available and have taken specific steps to seek paid employment or self-employment [not counting underemployment]</i>
devaluación, depreciación, desvalorización	devaluation <i>A decrease in the value of a currency (opposed to "appreciation")</i>
dolarización	dollarization <i>Replacing a local currency with the United States dollar (compare with "currency peg")</i>
flotación libre; libre fluctuación	free float <i>When an exchange rate is determined by the</i>

	<i>currency market, without any government intervention</i>
Fondo Monetario Internacional (FMI)	International Monetary Fund (IMF)
fuerza laboral [véase población económicamente activa]	labor force [see "economically active population"]
hiperinflación	hyperinflation <i>Extremely high inflation rates</i>
índice de precios al consumidor (IPC)	consumer price index (CPI) <i>An index measuring the change in the cost of typical wage-earner purchases of goods and services as a percentage of the cost of these same services in some base period</i>
moneda local	local currency <i>Monetary unit of a country</i>
paridad cambiaria	peg; currency peg <i>When the exchange rate of a local currency is fixed to a major currency</i>
PIB per cápita	per capita GDP <i>GDP divided by the total population of a country</i>
población económicamente activa (PEA)	economically active population (EAP) <i>Population of legal age either employed or actively seeking employment</i>
producto interno bruto (PIB)	gross domestic product (GDP) <i>The total output of goods and services produced by an economy</i>
producto nacional bruto (PNB)	gross national product (GNP) <i>GDP plus income from abroad, such as foreign investment</i>
Programa de las Naciones Unidas para el Desarrollo (PNUD)	United Nations Development Programme (UNDP) <i>Note British spelling of "Programme."</i>
régimen de tipo de cambio; régimen cambiario	exchange rate regime <i>System used to exchange local currency (i.e. free float, peg, etc.)</i>
remesas	remittances <i>Transfers of money by immigrants to their home countries</i>
sector informal o no estructurado; informalidad	informal sector

	<i>Businesses, especially small businesses, that are not officially registered as such (constitutes a growing portion of economic activity in many Latin American countries)</i>
subempleo	underemployment <i>Employment in a job for which the person is overqualified</i>
superávit	surplus <i>A positive balance when expenses are subtracted from income</i>
tipo de cambio	exchange rate <i>The rate at which a country's currency is exchanged for the currency of another country</i>
tipo de cambio fijo (véase paridad cambiaria)	fixed exchange rate (see peg)
valorización	appreciation <i>An increase in the value of a currency (opposed to "depreciation")</i>