

# Global financial crisis



14 \_\_\_\_\_



13 \_\_\_\_\_



12 \_\_\_\_\_

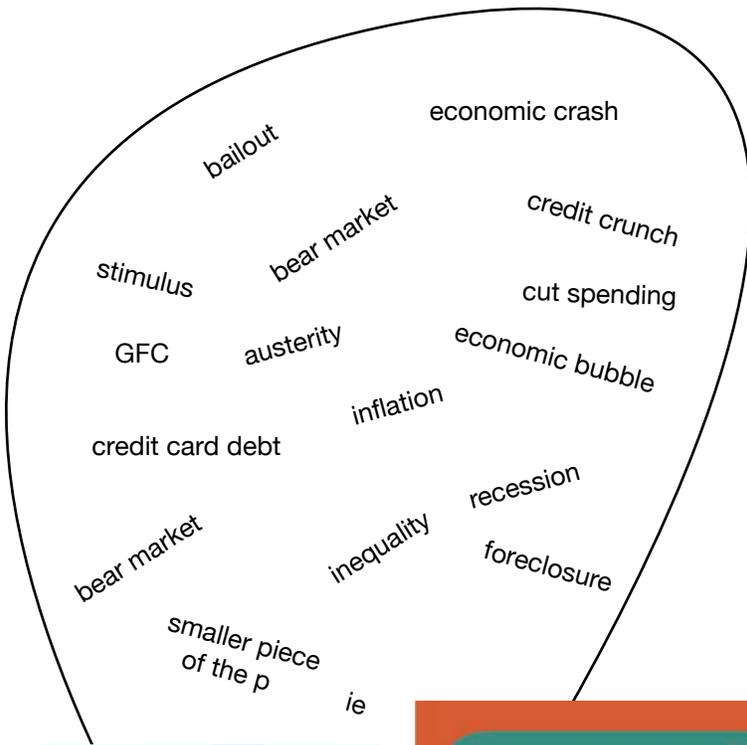


11 \_\_\_\_\_



10 \_\_\_\_\_

**Match the vocabulary to the pictures and answer the questions.**



1 \_\_\_\_\_



2 \_\_\_\_\_



3 \_\_\_\_\_



4 \_\_\_\_\_



8 \_\_\_\_\_



5 \_\_\_\_\_



9 \_\_\_\_\_



7 \_\_\_\_\_



6 \_\_\_\_\_

1 How does inflation affect you? Give example.

.....

2 What is your opinion about financial inequality?

.....

3 How do you cut your own spending? What do you cut?

.....

4 Have you ever had too much debt? Give example.

.....

5 What might be an effect of an economic crash? Give example.

.....

6 What can't you afford to buy at the moment? (something you are going to cut)

.....

Complete the gap fill with the words below.

“economic bubble” stimulus recession “credit crunch”  
“smaller piece of the pie” inflation “economic crash” “bear market”  
“the global financial crisis” foreclosure inequality  
bailout “credit card debt” austerity

1. \_\_\_\_\_ is when the government cuts spending to try to reduce the deficit.
2. A \_\_\_\_\_ is when someone gets a smaller share of the money.
3. An \_\_\_\_\_ is when the economy suddenly collapses.
4. A \_\_\_\_\_ is when there is a lack of money available to lend.
5. \_\_\_\_\_ is when a person owes money to a credit card company.
6. \_\_\_\_\_ is the rate at which the prices of goods and services increase.
7. A \_\_\_\_\_ is when the stock market is going down.
8. \_\_\_\_\_ is a time when the world's economies are in a recession.
9. A \_\_\_\_\_ is when a government or financial institution gives money to a company or country that is in financial trouble.
10. A \_\_\_\_\_ is when the economy is not doing well and people are losing their jobs.
11. A \_\_\_\_\_ is when the government gives money to the economy to try to improve it.
12. An \_\_\_\_\_ is when there is too much money in the economy and prices rise too quickly.
13. \_\_\_\_\_ is when there is a large gap between the rich and the poor.
14. A \_\_\_\_\_ is a legal process in which a borrower loses their home because they have not made their mortgage payments.

### The Recession

The recession was a tough time for everyone. Austerity measures meant that people had less money to spend and the economic crash also led to a credit crunch. People were struggling to pay off their credit card debt. Stock prices fell and the bear market turned into a global financial crisis. Governments had to bailout some big banks and companies. Stimulus measures helped revive the economy, but also led to an economic bubble. Not only that, prices went up and inflation hit 10%. Some people got very rich, but most people remained poor. This inequality meant that people were struggling to keep their homes and many people lost their homes to foreclosure.

1. What were some of the effects of the recession?

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2. What were some of the long-term effects of the recession?

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3. How did the recession affect different groups of people?

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4. Could the recession have been prevented?

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5. What lessons can be learned from the recession?

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## Answers

- 1 inflation
- 2 foreclosure
- 3 GFC
- 4 bailout
- 5 credit card debt
- 6 credit crunch
- 7 recession
- 8 economic crash
- 9 stimulus
- 10 austerity
- 11 economic bubble
- 12 bear market
- 13 inequality
- 14 smaller piece of the pie

## Questions

1. Inflation affects you by making the cost of living rise. For example, if the inflation rate is 3%, then the cost of living rises by 3%.
2. I believe that financial inequality is a big problem. The rich are getting richer, and the poor are getting poorer.
3. I try to cut my own spending by living a simple lifestyle. I don't spend money on unnecessary things.
4. I have had too much debt in the past. I spent my money on things that I could not afford and ended up in a lot of debt. I have since learned my lesson and now I am much more careful with my spending.
5. An economic crash could cause a lot of people to lose their jobs. For example, if the stock market crashes, then many people will lose their jobs.
6. I can afford to buy food and pay rent for my apartment at the moment.

1. Austerity
2. smaller piece of the pie
3. economic crash
4. credit crunch
5. credit card debt
6. inflation
7. bear market
8. global financial crisis
9. bailout
10. recession
11. stimulus
12. economic bubble
13. inequality
14. foreclosure

1. Some of the effects of the recession were less money to spend, the economic crash, and the credit crunch.
2. Some people lost their houses. Some of the other long-term effects of the recession were the global financial crisis, governments having to bailout some big banks and companies, and stimulus measures.
3. The recession affected different groups of people by making some people very rich and most people remained poor.

**Possible answers**

4. The recession could have been prevented if there was more equality in the economy and society.
5. Some lessons that can be learned from the recession are to be prepared for tough times and to help people who are struggling.

## Script

#1

Hey Davis, can you explain inflation to me.

Inflation, is when prices go up, and your money is worth less.

Yeah, I thought so. I've been hearing a lot about inflation lately.

Yes, everyone's talking about it, and I'm really worried about it. I don't know how we're going to keep up.

Me too. I heard that we might see inflation as high as 10% this year.

#2

I just heard, the bank is foreclosing on our house.

I know. I can't believe we're going to be homeless.

We're not going to be homeless. We'll find a place to stay.

I hope so. I don't want to live on the streets.

#3

I can't believe a global financial crisis is coming. I'm so scared for the future.

Me too. I've been hearing that it's going to be really bad.

I don't know what I'm going to do. I can't afford to lose any money.

I know. I'm just trying, to stay positive and hope for the best.

#4

So the government is still bailing out those banks!

It's outrageous! They're the ones who caused this mess in the first place.

Well, I guess we can't really blame them. They're just trying to prevent an even bigger financial disaster.

I guess you're right. But bailing out the rich guys still makes me angry.

#5

Oh dear! I'm in so much credit card debt.

Me too. It's like, every time I use my card, I just keep racking up more and more debt.

I just don't know how I'm ever going to get out of this hole.

Oh we'll figure it out. Together! Credit card debt be gone!

#6

Oh Christopher, the credit crunch is really happening.

I know! I can't afford to buy anything anymore.

Me either, I'm so broke all the time.

At least we're not alone, every one is struggling right now.

#7

Hey Nancy, do you think a recession is coming?

I'm not sure. I've been hearing a lot of talk about it. But I'm not sure if it's just talk, or if there's actually something to it.

I think there's definitely something to it. I've been seeing a lot of signs, that things are slowing down, and I think we're heading for a recession.

I hope you're wrong. I don't want to go through another recession.

#8

Ezinne, have you heard about the economic crash?

Yeah Abeo, I've been hearing about it. What do you think about it?

I think it's going to be really bad. A lot of people are going to lose their jobs, and their homes.

Yeah, I've been hearing that too. I think, it's going to be a really tough time for a lot of people.

#9

I was so worried about the financial stimulus.

Yes Olivia. I was worried too. I heard, that it would have a lot of negative effects.

Some economists say, that too much financial stimulus, causes inflation.

And they also say that it's going to cause a lot of debt.

Seems those things are coming true.

#10

Elizabeth, what do you think austerity means?

I think austerity is cutting your spending, and living within your budget.

I agree. I think it means being mindful of your spending, and making sure your finances are in order.

Yes, I think that's right. It's about being responsible with your money.

#11

Ana, what do you think an economic bubble is?

I'm not sure, but I think it has something to do with the stock market?

Yeah, I think an economic bubble is when prices of stocks are really high, just before the stock market crashes, and people lose a lot of money.

Seems right! and I think that's what happened during the Great Depression.

#12

Neerja, everyone is saying we have a bear market right now. What exactly is a bear market?

It's when the stock market is going down.

So it's not a good time to invest?

No, you might lose your money.

#13

Financial inequality is terrible these days. I can't believe, a CEO made 400 times an average worker's salary last year!

I know, inequality is so unfair. The top 1% have so much money, while the rest of us, struggle to get by.

I read that the average worker in America, only makes \$30,000 a year.

That's crazy! No wonder so many people are in debt.

#14

I can't believe, the big bosses, gave us such a small piece of the pie.

I know, right? It's like they don't even care about us.

Well, at least, we have a piece of the pie.

That's true. I'm just glad we're not left with nothing.

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