



Global Debt

Reading Test

EXAMPLE

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Student

Time: *Approximately 1hour*

Two types of lesson

Lesson#1: [Easy] ***** [B2/C1]

1. Predict the content of the text by reading the title. Write down the key terms & ideas.
2. Read the text. Check the unknown words with a dictionary.
3. Answer the comprehension questions.
4. Check your answers with the provided key (pass mark is 70%).

Lesson #2: [Hard] ***** [C1]

1. Read the text without looking up any words.
2. Answer the comprehension questions.
3. Check your answers with the provided key (pass mark is 70%).

Teacher

Two types of lesson

Lesson#1: [easy] ***** [B2/C1]

1. Distribute **text 1 (without reference words underlined)** a week before the test. Students read, check vocabulary & meanings.
2. Test day. Distribute **text 2 (with reference words underlined)** & the **questions** (no dictionary or notes).
3. Set 1 hour to read the text & answer the questions.
4. Take in & correct or go through answers in class (pass mark is 70%).
5. Extra activity. Students write the *summary (add 30 minutes to the test).

Lesson #2: [hard] ***** [C1]

1. Test day. Distribute **text 2 (with reference words underlined)** & the **questions**.
2. Set 1 hour to read the text & answer the questions.
3. Take in & correct or go through answers in class (pass mark is 70%).
4. Extra activity. Students write the *summary (add 30 minutes to the test).

*Summary writing: www.academic-englishuk.com/summary

Global Debt (Text 1) **EXAMPLE**

By J. Smith (2022)

Global debt can be defined as a combination of worldwide government, household and corporate debt. [redacted] to be fast approaching \$300tn, which is more than three times the annual economic output of the world [redacted] on Earth owing \$32,500 (CNBC, 2020). As the world has never before been as indebted as it is currently, [redacted] asking [redacted] in the face of a potentially devastating, emerging crisis.

In order to measure which countries have the largest debts, the debt to Gross Domestic Product (GDP) metric is used to [redacted]. Currently, Japan has the highest national debt in the world, with 234.18% of GDP and a national debt of over \$9tn, followed by [redacted]. Also, in the top ten of countries with the biggest debts is the United States with a debt-to-GDP ratio of 106.70%. [redacted] national debt has increased from 41.54% to 54.44% of GDP (World Population Review, 2022). According to Corporate Finance Institute (2022), for developed economies, above 77% debt-to-GDP [redacted] debt [redacted] points of annual growth, whereas for emerging markets, the threshold is even lower at 64%, and equal [redacted].

As several countries have debt-to-GDP ratios considerably over the threshold, it is to be expected that [redacted], currently 256% of GDP, of which two-fifths is public debt at 99%. In advanced economies in particular, who [redacted] support, [redacted] of GDP in 2007 to 124% in 2020 is comparable to the increase seen during the financial crisis of 2008, yet for emerging markets and low-income [redacted] to funding and higher borrowing rates, total debt rose from 54% to almost 170% of GDP in 2018, and [redacted] the same could be said for private debt in advanced economies, currently at 178% of GDP (The World Bank Group, 2022; Gaspar et al., 2021). These [redacted] be largely attributed to the onset of the Covid-19 pandemic, in which borrowing by governments was used to boost the fragile economy and support the private sector to help protect livelihoods, yet [redacted] for [redacted] in borrowing in 2020, it is emerging markets and low-income developing countries who will find it much harder to pay back their debts (CNBC, 2020; Gaspar et al., 2021).

Although this impending crisis greatly worries experts, it is not the first financial crisis that has arisen. In fact, [redacted] debt as 'waves'. Between 1970 and 2009 there were three waves of debt, wherein advanced economies, on the one hand, experienced regulatory easing of their financial markets [redacted] lenders, and more debt accumulating in the private sector, which went unnoticed as GDP was also growing, [redacted] were becoming dependent on borrowing heavily and being forced to devalue their currencies (CNBC, 2020; The World Bank Group, 2022). What is [redacted] to the World Bank Group (2022) is that they all started during periods of promoting borrowing and [redacted] which is also what could happen with the current fourth wave, except this time it involves public and [redacted] and is much more widespread.

In conclusion, as the World Bank Group (2022) warns of the likelihood of another serious financial crisis, [redacted] high levels of inflation and weak growth prospects in an already fragile economy, 'policymakers must find the right mix of fiscal and monetary [redacted] right balance [redacted] circumstances, and commitment to credible and sustainable medium-term fiscal plans' (Gaspar et al., 2021). [redacted] with how fast and far-reaching it has accumulated, the effects of the latest global debt crisis could be felt [redacted].

Reference list

CNBC International, (2020). *Is a global debt crisis coming?* [online]. Available at: https://www.youtube.com/watch?v=Cf7o_YH5M [Viewed 16.04.2022].

[redacted] (2022). *Debt-to-GDP ratio* [online]. Available at: <https://corporatefinanceinstitute.com/resources/knowledge/economics/debt-to-gdp-ratio/> [Viewed 16.04.2022].

Gaspar, V., Medas, P., and Perrelli, R., (2021). [redacted] [online]. Available at: <https://blogs.imf.org/2021/12/15/global-debt-reaches-a-record-226-trillion/> [Viewed 17.04.2022].

[redacted], (2022). *Global Waves of Debt: Causes and Consequences* [pdf]. Available at: <https://www.worldbank.org/en/research/publication/waves-of-debt> [Viewed 16.04.2022].

World Population Review, (2022). *Debt to GDP Ratio by Country 2022*. Available at: [redacted]

Global Debt (Text 2)

By J. Smith (2022)

1. Global debt can be defined as a combination of worldwide government, household and corporate debt. [redacted] to be fast approaching \$300tn, **which** is more than three times the annual economic output of the world [redacted] on Earth owing \$32,500 (CNBC, 2020). As the world has never before been as indebted as **it** is currently, [redacted] asking [redacted] in the face of a potentially devastating, emerging crisis.

2. In order to measure which countries have the largest debts, the debt to Gross Domestic Product (GDP) metric is used to [redacted]. Currently, Japan has the highest national debt in the world, with 234.18% of GDP and a national debt of over \$9tn, followed by [redacted]. Also, in the top ten of countries with the biggest debts is the United States with a debt-to-GDP ratio of 106.70%. [redacted] national debt has increased from 41.54% to 54.44% of GDP (World Population Review, 2022). According to Corporate Finance Institute (2022), for developed economies, above 77% debt-to-GDP [redacted] debt [redacted] points of annual growth, whereas for emerging markets, the threshold is even lower at 64%, and equal [redacted].

3. As several countries have debt-to-GDP ratios considerably over the threshold, it is to be expected that [redacted], currently 256% of GDP, of which two-fifths is public debt at 99%. In advanced economies in particular, who [redacted] support, [redacted] of GDP in 2007 to 124% in 2020 is comparable to the increase seen during the financial crisis of 2008, yet for emerging markets and low-income [redacted] to funding and higher borrowing rates, total debt rose from 54% to almost 170% of GDP in 2018, and [redacted] the same could be said for private debt in advanced economies, currently at 178% of GDP (The World Bank Group, 2022; Gaspar et al., 2021). **These** [redacted] be largely attributed to the onset of the Covid-19 pandemic, in which borrowing by governments was used to boost the fragile economy and support the private sector to help protect livelihoods, yet [redacted] for [redacted] in borrowing in 2020, it is emerging markets and low-income developing countries who will find it much harder to pay back their debts (CNBC, 2020; Gaspar et al., 2021).

4. Although this impending crisis greatly worries experts, it is not the first financial crisis that has arisen. In fact, [redacted] debt as 'waves'. Between 1970 and 2009 there were three waves of debt, wherein advanced economies, on the one hand, experienced regulatory easing of their financial markets [redacted] lenders, and more debt accumulating in the private sector, which went unnoticed as GDP was also growing, [redacted] were becoming dependent on borrowing heavily and being forced to devalue their currencies (CNBC, 2020; The World Bank Group, 2022). What is [redacted] to the World Bank Group (2022) is that they all started during periods of promoting borrowing and [redacted] which is also what could happen with the current fourth wave, except this time it involves public and [redacted] and is much more widespread.

5. In conclusion, as the World Bank Group (2022) warns of the likelihood of another serious financial crisis, [REDACTED] high levels of inflation and weak growth prospects in an already fragile economy, ‘policymakers must find the right mix of fiscal and monetary [REDACTED] right balance [REDACTED] circumstances, and commitment to credible and sustainable medium-term fiscal plans’ (Gaspar et al., 2021). [REDACTED] with how fast and far-reaching **it** has accumulated, the effects of the latest global debt crisis could be felt [REDACTED].

Reference list

CNBC International, (2020). *Is a global debt crisis coming?* [online]. Available at: https://www.youtube.com/watch?v=Cf7o_YH5M [Viewed 16.04.2022].

[REDACTED] (2022). *Debt-to-GDP ratio* [online]. Available at: <https://corporatefinanceinstitute.com/resources/knowledge/economics/debt-to-gdp-ratio/> [Viewed 16.04.2022].

Gaspar, V., Medas, P., and Perrelli, R., (2021). [REDACTED] [online]. Available at: <https://blogs.imf.org/2021/12/15/global-debt-reaches-a-record-226-trillion/> [Viewed 17.04.2022].

[REDACTED], (2022). *Global Waves of Debt: Causes and Consequences* [pdf]. Available at: <https://www.worldbank.org/en/research/publication/waves-of-debt> [Viewed 16.04.2022].

World Population Review, (2022). *Debt to GDP Ratio by Country 2022*. Available at: [REDACTED]

Comprehension Questions

1. Headings: Choose a subheading for each paragraph. One title is not needed.

1	<i>F (example)</i>	A	Past trends
2		B	
3		C	An assessment of global debt
4		D	
5		E	Calculating global debt
		F	Defining global debt

___ / 4

2. What is the issue? Write your answer in no more than seven words.

--

___ / 1

3. True / False / Not Given: One question per paragraph.

		T / F / NG
Paragraph 1		
i.	Globally, we owe more than three times the value of all sales of goods and services.	
Paragraph 2		
ii.	According to Corporate Finance Institute (2022), concern.	
Paragraph 3		
iii.	Emerging economies of their debts.	
Paragraph 4		
iv.	The World Bank Group countries' debt.	
Paragraph 5		
v.	The impact of a very long time.	

___ / 5

4. Open Answer Questions: One question per paragraph.

Paragraph 1		
i.	What are finance experts and economists across the globe asking policymakers to do?	
Paragraph 2		
ii.	Which country world?	
Paragraph 3		
iii.	What TWO in a debt crisis?	
	1.	2.
Paragraph 4		
iv.	How three 'waves' of debt?	
Paragraph 5		
v.	What is the evidence of the likelihood of another economic recession?	
	1.	2. 3.

___ / 8

5. Reference Words: What do these reference words connect to (underlined in the text).

Paragraph	Word	Connection
1	<u>Which</u>	<u>\$300tn</u> (example)
1	It	
2		
2	Its	
3	Who	
3		
4	Which	
4	They	
5		

___ / 8

6. Vocabulary: Search for the word (s) in the paragraph that mean(s):

Paragraph	Explanation	Word (s)
1	<u>To do or be better than.</u>	<u>Surpassed</u> (example)
1	Roughly calculated.	
1		
2	A way of judging something.	
2		
3	Similar in size, amount or quality to something else.	
3	A quality or characteristic that someone or something has.	
4		
4	A slowdown in economic activity over a period of time.	
5		
5	The use _____ and tax policies to influence economic conditions.	

___ / 10

Overall Total: ___ / 36

Comprehension Questions **ANSWERS**

1. **Headings:** Choose a subheading for each paragraph. One title is not needed.

1	<i>F (example)</i>	A	Past trends
2	E	B	What citizens think about global debt
3	C	C	An assessment of global debt

ALL ANSWERS INCLUDED IN PAID VERSION...