

Unit 9 Money



1. Starting up. Do the quiz individually. Then compare answers with a partner.

- 1) How much cash do you have with you at the moment? Do you:
 - a. Know exactly?
 - b. Know approximately?
 - c. Not know at all?
- 2) Do you normally check:
 - a. Your change?
 - b. Restaurants bills?
 - c. Prices in several shops before you buy something?
- 3) Do you:
 - a. Give money to beggars?
 - b. Give money to charity?
 - c. Give away used items, such as clothing?
- 4) What do you think about people who do not pay the correct amount of tax?
Is this:
 - a. A serious crime?
 - b. Morally wrong but not a crime?
 - c. Excellent business practice?
- 5) If you lend a colleague a small amount of money and he forgets to pay it back, do you:
 - a. Say nothing
 - b. Remind him that he owes you money?
 - c. Arrange him to go for a drink with him and say you've forgotten your wallet?

2. Pre- reading exercise. In your opinion, which of the following give the best return on your money?

gold	currencies	a high- interest deposit account
precious stones	property	antiques and paintings
stocks and shares	land/real estate	a new business venture

3. Choose the best answer.

If someone speculates:

- a. they take a risk to make a quick profit
- b. they make a safe investment for a long- term security.

4. Work in 2 groups. Each group reads a different text: either “The South Sea Bubble” or “The Wall Street Crash”.



The South Sea Bubble

The South Sea Bubble is the name given to a speculation in 1720, and associated with the South Sea Company in London. People bought shares in the company expecting to make a huge profit, but the boom in shares collapsed and many investors lost their money.

The South Sea Company was founded in 1711 to trade with Spanish America. The company’s stock offered a guaranteed interest of 6% and sold it well. Unfortunately, Spain allowed the company to send only one ship a year to trade in the area.

The first voyage in 1717 was a success. Then King George 1 became governor of the company in 1719. This created confidence in the business, and soon it was paying 100% interest.

In 1720, there was a boom in the South Sea Company’s shares because it agreed to take over the country’s national debt. It expected to get back its money by increased trade and rise in the value of its shares.

The shares did, in fact, rise dramatically. The stock of the company, which had been around £128 in January 1720, reached £1,000 in August. By September the market had collapsed, and the price fell back to £124. Eventually, with the support of the Government, the shares leveled off at around £140.

The South Sea Bubble had burst and it led to an economic depression in the country.



The Wall Street Crash

The stock market crash in the United States in 1929 was huge and it led to a severe and lasting economic crisis in the world. Many bankers and industrialists lost their money and reputations. Some went to prison and others committed suicide. Share prices on the New York stock exchange had begun rising in 1924, and in 1928 and 1929 they rocketed to unbelievable levels. In spring 1929 there was a break in the rising prices when the Federal Reserve Bank said it might raise interest rates to slow down the boom. However, a major bank, the National City Bank, assured investors that it would continue to lend money to them at affordable rates. Soon the market took off again. People could buy stock for 10% of its value and borrow the remaining 90%. The lending rate varied from 7% to 12%. Almost everyone was optimistic. One economist, at

the peak of the boom, said that people generally agreed “stocks are not at present overvalued”.

It all ended on 21 October, 1929. The market opened badly and there was heavy selling. Confidence in the market disappeared. There was a rumour that the big bankers were getting out of the market. Share prices fell dramatically and kept on falling. The boom was over. But its consequences would last for years to come.

5. After- reading exercise. Complete the chart below.

	South Sea Bubble	Wall Street Crash
Where did it happen?		
When did it happen?		
Who was involved?		
What happened?		
Why did it happen?		
What were the consequences?		

6. Discuss these questions.

- What are the similarities and differences in these 2 speculations?
- What do you think people speculate in during the next 20 years?

7. Work in groups. Find words and phrases in the texts which are similar in meaning to the definitions below. The first group to finish is the winner.

South Sea Bubble	Wall Street Crash
a very large amount of money set up sudden increase in buying and selling to accept responsibility go up very fast in the end remained stable	a powerful business person controlling large companies went up very fast a change for a short period became very active highest point sold at too high a price selling all of their shares

8. Useful language. Saying numbers.

Years 1984 nineteen eighty four 2001 two thousand and one	Currencies £3.15 three ponds fifteen \$7.80 seven dollars eighty €250 two hundred eighty euros	Decimals 16.5 sixteen point five 17.38% seventeen point three eight percent 0.185 (nought/zero) point one eight five
<p>Bigger numbers</p> <p>3560 three thousand five hundred and sixty (BrE) sixty (AmE)</p> <p>598,347 five hundred and ninety- eight thousand, three hundred and forty- seven (BrE) ninety- eight thousand, three hundred forty- seven (AmE)</p> <p>1,300,402 one million three hundred thousand, four hundred and two (BrE) two (AmE)</p> <p>1m one/a million (100,000,000) 3bn three billion (300,000,000) \$7.5bn seven point five billion dollars £478 four hundred and seventy eight million pounds (BrE) seventy eight million pounds (AmE)</p>		

