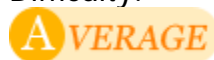


Economic Turbulence Forecast for 2012

Difficulty:



Date of release:

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Discussion activities to be done after completing this EA lesson

Today's report is about the world's economic future for this year, 2012. What is the world's current economic situation? What are some of its problems? What do experts think may happen to the global economy, and why?

Extension discussion topics

A. Talking about and going over the specific topic / idea / issue in listening text

Introduction = What is the world's current economic situation? What are some of its problems? What do experts think may happen to the global economy, and why?

1. What were the main economic problems in 2011?

- High unemployment in the United States.
- Rising debt in the U.S. and Congress' inability to do anything about reducing it.
- The downgrade of America from its triple A credit rating.
- China, the world's fastest growing economy, is slowing down.
- Rising inflation and the slowdown in Chinese manufacturing have already curbed demand for some commodities.
- Europe's debt crisis shows few signs of easing.

Do you have any personal experience of the effects of any of these economic problems? What are the main economic problems faced by your country?

2. What did the report say were some of the signs of improvement in the world's economic situation?

- The U.S. export sector grew very well.
- Business and commercial construction in the U.S. was good.
- U.S. unemployment is at its lowest level in more than two and a half years.
- U.S. consumer confidence is rising.
- Beijing has made efforts to prevent its economy from overheating.
- Ongoing reforms in China aimed at reducing the country's reliance on exports.

Did you notice any economic improvements over the last year? Did anything get better economically in your own country?

3. What are the key economic problems which have to be solved in 2012?

- Europe has to resolve its own problems, so that it can be a source of growth at home, and, secondly, be a source of confidence to the markets.
- U.S. lawmakers must deal with the nation's rising debt, now close to fifteen trillion dollars.
- Leaders must be willing to make the tough decisions needed to stabilize the global economy.
- The problems in Europe, the U.S. and China, if not resolved, could lead to an economic crisis similar to that of 2008.

How confident are you that these economic problems can be solved over the coming year? What impact would these "tough decisions" have on the people of these countries? Do you think the situation will improve economically in 2012, or worsen? Why is this?

B. Expanding on (one of) the topics / ideas / issues in listening text

Topic = Economic issues for 2012.

1. What are the main economic issues facing your own country this year? Consider: levels of employment; your country's debt levels; its credit rating; levels of taxes; people's pensions; the cost of food and housing; health care; political stability; manufacturing industries; exchange rates; savings and the rate of interest on savings. Make a list of what you see are the top three, and compare them with a friend's. How similar are they?
2. What actions, new laws or measures has your government taken over 2011 to deal with any of its economic problems? Why did it choose these? Have they been effective? How have they affected people in the country? Were there any protests or street demonstrations against these measures? If so, did you consider joining them? Why, or why not?
3. Have you, or your family, been affected by any of the global economic problems, since this financial crisis began in 2008? If you have not been affected, why do you think that is? If you have, what were these effects? What have you, or others, done to reduce the effects? Do you think you may be affected in 2012? If so, in what way?
4. Do you know what "consumer confidence" is? How is "consumer confidence" calculated? (see: http://en.wikipedia.org/wiki/Consumer_confidence#Consumer_Confidence_Index) Why might knowing the level of consumer confidence be useful to governments, banks and business? Does your country calculate its "consumer confidence" level? What is your "confidence" level for the coming year, on a scale of 1 to 5 (1 = very optimistic, 5 = very concerned)? Why do you have that level of confidence? How does this compare to your friends' confidence levels?
5. What do you think about your country's economic situation in 2012? Will it improve or worsen? What are the most important issues to be addressed? Do you think your political leaders will address them? Can your country solve its own problems, or is it affected by the global situation? Which country is yours tied with most closely, economically? How is that country doing?

C. Extending discussion of (one of) the topics / ideas / issues in listening text

Topic = Credit.

1. Credit is the general term for the borrowing of money, which then has to be paid back. If you wish to borrow money in your country, how do you do it? Who do you go to for credit? How easy is it to get credit? What do those who lend money need to know about you, before they will lend you money? What types of things can you borrow money for? What rates of interest do you have to pay in your country for money which has been borrowed?
2. Do you have a credit card, or cards? If so, do you use it regularly? If you have many, why is that? What do you use it / them for? How useful is it? Do you pay it off at the end of each month? What rates of interest do you pay, if you do not pay it off? Are credit cards easy to obtain in your country? What do you think about the use of credit cards, are they dangerous in any way? Have any of your friends built up big debts using credit cards? If so why, and how? Has your credit card ever been stolen and used by someone else?
3. In many countries, people borrow money to buy a house or a flat, which is called a mortgage. Do people generally buy property in your country, or do they rent accommodation? Are mortgages used in your country for buying properties? Have you, or any of your family / friends got mortgages? Do you intend to get a mortgage, at any time in the future? If so, over what period of time will the mortgage have to be paid back? How easy is it to get a mortgage? What do banks, or lenders, wish to know about you before they will give you a mortgage? What is the interest rate on mortgages in your country?
4. At the moment, many countries have large debts. Does anyone you know have large personal debts? How have they got into debt? Has the debt affected them in anyway? Would you consider getting into debt for any reason? Make a list of three situations which would make you consider borrowing 10,000 Euros to help you. Why these three? Compare your list with a friend's.

Audioscript

High unemployment in the United States, rising debt and Congress' inability to do anything about it were major stories in 2011. But some bright spots are emerging.

George L. Perry is a senior fellow for economic studies at the Brookings Institution.

"One was the export sector which grew really very well. Another area was construction outside of home building. Business construction was... was... was picking up and construction in particular areas like commercial."

U.S. unemployment is at its lowest level in more than two and a half years, and consumer confidence is rising. But there are dark clouds ahead as the New Year begins. China, the world's fastest growing economy, is slowing down, and Europe's debt crisis shows few signs of easing.

"We export a great deal to Europe. And if Europe falls into another recession, that export growth is going to end. And that'll affect jobs in the U.S. and cause the U.S. to move towards recession."

Rising inflation and the slowdown in Chinese manufacturing have already curbed demand for some commodities. But Perry says the slowdown is due in part to Beijing's efforts to prevent its economy from overheating.

Reflecting on the global uncertainty, World Bank President Robert Zoellick urged Europe and its biggest trading partners to act responsibly.

"Europe has to rescue Europe (Right), okay? And that it's very important. If there's any message when I'm asked, 'Well, what can the U.S. do and what can China do?' The best thing they can do is clean up their act at home, be a source of growth at home, and, then secondly, be a source of confidence to the markets."

Zoellick says he is encouraged by ongoing reforms in China aimed at reducing the country's reliance on exports, but he warned U.S. lawmakers against further delays in dealing with the nation's rising debt, now close to fifteen trillion.

"The downgrade of America from triple A didn't affect the finances today, but it may be one of those events people look back on ten years from now and they say, 'Did they get the warning? Did they pay attention or did they continue to do what they were doing?'"

Unless leaders are willing to make the tough decisions needed to stabilize the global economy, Zoellick and many leading economists say problems in Europe, the U.S. and China could coalesce into a "perfect storm" in 2012 that could rival the financial crisis of 2008.

Mil Arcega, VOA News.