

AE Academic English UK Students

Academic Reading Tests

Global Debt Booklet



EXAMPLE

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Global Debt **EXAMPLE**

Task 1: Introduction

Take some notes on the following questions.

1. What do you know about global debt?
2. How would you define 'global debt'?
3. Which countries have the worst public debt and why?
4. What are the possible solutions for countries to deal with their public debt?

Task 2: Reading text

Read the text and check any unknown vocabulary

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_YIH5M [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]

Task 3: Comprehension Questions

Now see if you can answer these comprehension questions.

Comprehension Questions EXAMPLE

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.	

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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>	<i>\$300tn (example)</i>
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	<i>To do or be better than.</i>	<i>Surpassed (example)</i>
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

Task 4: Comprehension Questions

Check your answers to the comprehension questions.

Comprehension Questions **Answers**

EXAMPLE

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...

Task 5: Summary Writing

Take notes on the key points of the text using this outline

Outline: Summary Notetaking

EXAMPLE

1. Main idea:
Support:
2. Main idea:
Support:
3. Main idea:
Support:
4. Main idea:
Support:
5. Main idea:
Support:

Task 6: Summary Writing

Using your notes write a 200-250-word summary of the text.

Summary

EXAMPLE

Word count: _____

Task 7: Note-taking Answers

Check your notes to these suggested answers

EXAMPLE

<p>1. Main idea: Definition of global debt</p> <p>Support:</p> <ul style="list-style-type: none"> • Glob. debt = comb. of wrldwd gov., househ. & corp. debt. • 2020: > [redacted] = > 3 x annu. econ. output of the wld & equiv. 2 each of the 7.7bn ppl on Earth owing \$32,500 (CNBC, 2020). • Fin. [redacted] debt sit. cld b devastating.
<p>2. Main idea: How global debt is measured</p> <p>Support:</p> <ul style="list-style-type: none"> • Measure. = [redacted] can prod. • Highest countries: Japan, Greece, US, but also UK & China mentioned (World Population [redacted]) • Developed econ. > 77% [redacted] (Corporate Finance Institute, 2022).
<p>3. Main idea: An analysis of global debt</p> <p>Support:</p> <ul style="list-style-type: none"> • Glob. debt = rec. levels. • Adv. econ. = [redacted]. 2 fin. crisis of 2008. • EME & low-inc. countries = B/C lmt access 2 funding & high borrow. rates, public debt > [redacted], 2022; Gaspar et al., 2021). • Rises in debt = attributed 2 COVID 19. Govs borrow. + 2 boost econ. & support ppl's jobs & biz. • EME & [redacted] (CNBC, 2020; Gaspar et al., 2021).
<p>4. Main idea: The past financial crises</p> <p>Support:</p> <ul style="list-style-type: none"> • Not the first fin. crisis. • [redacted] 'waves'. • Adv. econ. = reg. ease of fin. mrkts → [redacted]. & > debt in pub. sector (CNBC, 2020; The World Bank Group, 2022). • [redacted] 2 devalue currencies (ibid). • All 3 waves = same. Started promot. borrow. & [redacted] downturn or rec. (World Bank Group, 2022). • But this 4th wave [redacted] & is more widespread.
<p>5. Main idea: Future predictions</p> <p>Support:</p> <ul style="list-style-type: none"> • [redacted] Group (2022) = serious fin. [redacted], high infltn & weak growth. • Policymakers = [redacted] bal. • Debt + how fast & far-reaching it is = effects of [redacted]

Task 8: Model Summary

Check your summary to this model summary.

Global Debt - Model Summary

EXAMPLE

Global debt is an amalgamation of worldwide government, household and corporate debt. At more [REDACTED] of the world (CNBC, 2020), societies are currently seeing unprecedented levels debt-to-GDP [REDACTED] can produce, [REDACTED] of debt a nation has. When a country's debt-to-GDP ratio is over, [REDACTED] growth (Corporate Finance Institute, 2022). This may not have so much of an impact on advanced [REDACTED] central banks for support, but it will have an impact on emerging economies and [REDACTED], and this could lead to [REDACTED] (CNBC, 2020; Gaspar et al., [REDACTED] is not a new state of affairs. In the past fifty years, there have been three 'waves' of debt, and [REDACTED] (World Bank Group, 2022); they all started during a time of promoting borrowing and low [REDACTED] This fourth debt [REDACTED], but this time it involves more [REDACTED] potentially be felt for a many number of years.

240 words