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Americans spending at record rates

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6 February, 2006

THE ARTICLE

Americans spending at record rates

Figures recently released show Americans are spending like there's no tomorrow. Such is their propensity to open their purse strings, the national savings rate has plummeted to the lowest level since the Great Depression of the 1930s. Consumer spending is going through the roof, apparently on the back of soaring house prices. This seems to have convinced the vast majority of people that it is safe to put saving on the back burner. Last year saw the savings rate dip into negative territory for only the third ever time, as spending outstripped income growth. The US Commerce Department reported that spending rose by 0.9 percent, more than double the 0.4 percent rise in incomes.

All of this may lead to an uncertain future for many workers, especially when they retire. The age-old convention of saving for one's old age seems to have vanished in a puff of smoke, with Americans dipping into their savings after using up all of their disposable income. They are also putting their credit cards to good use in financing their voracious purchasing. Dividends from buoyant stock prices are further fueling a feel-wealthy factor. The central bank meets on Tuesday to implement measures to prevent a shortage of cash in the economy. Economists believe a hike in interest rates is on the cards - for a 14th time - in an attempt to avoid the risk of the economy overheating.

WARM-UPS

1. SPENDING: In pairs / groups, talk about your spending. How has it varied over the years? Write down three things that you think about before you buy something. Do you always consider these things every time you spend money?

2. CHAT: In pairs / groups, decide which of these topics or words are most interesting and which are most boring.

Figures / spending / tomorrow / savings / house prices / income / growth / the future / retirement / smoke / credit cards / stock prices / feeling wealthy / risk

Have a chat about the topics you liked. For more conversation, change topics and partners frequently.

3. MONEY: There is a saying that “money makes the world go round”. In pairs / groups, think of three reasons why this is true and three reasons why it is not. Change partners and talk about your reasons.

4. TWO-MINUTE MONEY DEBATES: Face each other in pairs and engage in the following fun 2-minute debates. Students A strongly believe in the first argument, students B the second. Change pairs often

- a. You should save lots of money. vs. Life is about spending and enjoying.
- b. Neither a borrower nor a lender be. vs. Borrowing and lending is part of life.
- c. Property is the best investment. vs. Stocks and shares are the best investment.
- d. Saving for retirement is essential. vs. Governments should provide pensions.
- e. Saving is boring. vs. It’s interesting to watch your money grow.
- f. Credit cards are dangerous. vs. Credit cards help the world go round.
- g. Money is the root of all evil. vs. Money is great.
- h. Chasing wealth should be our life goal. vs. There are more important things than money.
- i. Savings are essential for an economy. vs. Consumer spending is most important.

5. SAVE: Spend one minute writing down all of the different words you associate with the word “save”. Share your words with your partner(s) and talk about them. Together, put the words into different categories.

6. SAVING: In pairs / groups, talk about what the following people save for. What advice would you give to each?

- A ten-year-old child
- Bill Gates
- Your best friend
- A pensioner
- Someone in their twenties with children
- An unemployed person
- A university student
- A 40-year-old with no savings or pension

BEFORE READING / LISTENING

1. TRUE / FALSE: Look at the article's headline and guess whether these sentences are true (T) or false (F):

- | | |
|---|-------|
| a. Americans are buying more records and fewer CDs. | T / F |
| b. Americans are increasingly opening their purse strings. | T / F |
| c. Savings are at their lowest since the Great Depression of the 1930s. | T / F |
| d. Many people are putting saving on the back burner. | T / F |
| e. A lot of people's savings have disappeared in a puff of smoke. | T / F |
| f. Stock prices are at their lowest levels for decades. | T / F |
| g. Economists will go hiking to find measures to avoid a cash shortage. | T / F |
| h. America's central bank is set to reduce interest rates again. | T / F |

2. SYNONYM MATCH: Match the following synonyms from the article:

- | | |
|--------------------|-------------|
| a. propensity | nosedived |
| b. plummeted | stimulating |
| c. soaring | habit |
| d. dip | insatiable |
| e. outstripped | thin air |
| f. convention | rise |
| g. a puff of smoke | escalating |
| h. voracious | surpassed |
| i. fueling | descend |
| j. hike | inclination |

3. PHRASE MATCH: Match the following phrases from the article (sometimes more than one combination is possible):

- | | |
|---------------------------------------|-------------------------------|
| a. Americans are spending like | through the roof |
| b. their propensity to open | the back burner |
| c. spending is going | saving for one's old age |
| d. safe to put saving on | prevent a shortage of cash |
| e. Last year saw the savings rate dip | is on the cards |
| f. The age-old convention of | fueling a feel-wealthy factor |
| g. vanished in a | their purse strings |
| h. buoyant stock prices are further | into negative territory |
| i. implement measures to | puff of smoke |
| j. a hike in interest rates | there's no tomorrow |

WHILE READING / LISTENING

GAP FILL: Put the words in the column on the right into the gaps in the text.

Americans spending at record rates

Figures recently _____ show Americans are spending like there's no tomorrow. Such is their _____ to open their purse strings, the national savings rate has _____ to the lowest level since the Great Depression of the 1930s. Consumer spending is going through the _____, apparently on the back of soaring house prices. This seems to have convinced the _____ majority of people that it is safe to put saving on the back burner. Last year saw the savings rate dip into negative _____ for only the third ever time, as spending _____ income growth. The US Commerce Department reported that spending rose by 0.9 percent, more than _____ the 0.4 percent rise in incomes.

plummeted

double

vast

released

territory

outstripped

propensity

roof

All of this may lead to an _____ future for many workers, especially when they retire. The age-old _____ of saving for one's old age seems to have vanished in a _____ of smoke, with Americans dipping into their savings after using up all of their _____ income. They are also putting their credit cards to good use in financing their voracious _____. Dividends from _____ stock prices are further fueling a feel-wealthy factor. The central bank meets on Tuesday to _____ measures to prevent a shortage of cash in the economy. Economists believe a hike in interest rates is on the _____ - for a 14th time - in an attempt to avoid the risk of the economy overheating.

disposable

convention

implement

buoyant

uncertain

cards

puff

purchasing

LISTENING

Listen and fill in the spaces.

Americans spending at record rates

Figures recently released show Americans are spending like there's no _____. Such is their _____ to open their purse strings, the national savings rate has plummeted to the lowest level since the Great Depression of the 1930s. Consumer spending is going through the roof, _____ on the back of soaring house prices. This seems to have convinced the vast majority of people that it is safe to put saving on the back _____. Last year saw the savings rate _____ into negative territory for only the third ever time, as spending _____ income growth. The US Commerce Department reported that spending rose by 0.9 percent, more than _____ the 0.4 percent rise in incomes.

All of this may lead to an _____ future for many workers, especially when they retire. The age-old convention of saving for one's old age seems to have vanished in a _____ of smoke, with Americans dipping into their savings after using up all of their _____ income. They are also putting their credit cards to good use in financing their _____ purchasing. Dividends from buoyant stock prices are further fueling a feel-wealthy factor. The central bank meets on Tuesday to _____ measures to prevent a shortage of cash in the economy. Economists believe a hike in interest rates is _____ - for a 14th time – in an _____ to avoid the risk of the economy overheating.

AFTER READING / LISTENING

1. WORD SEARCH: Look in your dictionaries / computer to find collocates, other meanings, information, synonyms ... for the words 'purse' and 'string'.

- Share your findings with your partners.
- Make questions using the words you found.
- Ask your partner / group your questions.

2. ARTICLE QUESTIONS: Look back at the article and write down some questions you would like to ask the class about the text.

- Share your questions with other classmates / groups.
- Ask your partner / group your questions.

3. GAP FILL: In pairs / groups, compare your answers to this exercise. Check your answers. Talk about the words from the activity. Were they new, interesting, worth learning...?

4. VOCABULARY: Circle any words you do not understand. In groups, pool unknown words and use dictionaries to find their meanings.

5. STUDENT "SAVINGS" SURVEY: In pairs / groups, write down questions about saving and spending money.

- Ask other classmates your questions and note down their answers.
- Go back to your original partner / group and compare your findings.
- Make mini-presentations to other groups on your findings.

6. TEST EACH OTHER: Look at the words below. With your partner, try to recall exactly how these were used in the text:

- | | |
|-------------|--------------|
| • released | • retire |
| • plummeted | • old |
| • back | • disposable |
| • back | • buoyant |
| • third | • shortage |
| • double | • risk |

DISCUSSION

STUDENT A's QUESTIONS (Do not show these to student B)

- a. Did the headline make you want to read the article?
- b. What do you think of spending in America?
- c. Are you a good saver?
- d. Are you thinking about saving for your retirement?
- e. Do you regularly open your purse strings or do you keep them tightly closed?
- f. Why are savings important for an economy?
- g. Why is it necessary for people to save?
- h. Do you think we live in a society obsessed with money?
- i. What advice would you give to young people about saving?
- j. Do you think credit cards are dangerous?

STUDENT B's QUESTIONS (Do not show these to student A)

- a. Did you like reading this article?
- b. What do you think about what you read?
- c. What are the dangers of people not saving?
- d. Are you a big spender?
- e. How have your spending and saving patterns changed over the years?
- f. What happens in an economy in which spending continually outstrips saving?
- g. How often do you experience a "feel-wealthy" factor?
- h. Do you dabble, or want to dabble, in the stock market?
- i. What happens when an economy overheats?
- j. Did you like this discussion?

AFTER DISCUSSION: Join another partner / group and tell them what you talked about.

- a. What was the most interesting thing you heard?
- b. Was there a question you didn't like?
- c. Was there something you totally disagreed with?
- d. What did you like talking about?
- e. Which was the most difficult question?

SPEAKING

SAVING: Look at this list of different ways of saving your money for retirement. In pairs / groups, think of as many pluses and minuses as you can for each.

TYPES	PLUSES	MINUSES
Bank savings accounts		
Pension funds		
Stocks and shares		
Piggy banks		
Property		
Rely on government pension		
Other _____		

Change partners and share and compare your ideas.

What do you think are the two best and two worst options?

Which of the above do you do?

HOMEWORK

1. VOCABULARY EXTENSION: Choose several of the words from the text. Use a dictionary or Google's search field (or another search engine) to build up more associations / collocations of each word.

2. INTERNET: Search the Internet and find information on saving in your country. Share your findings with your class in the next lesson. Did you all find out similar things?

3. SAVING: Write an essay on the pluses and minuses of negative savings rates. Read your essays to your partner(s) in your next class. Did you all write about similar things?

4. MY RETIREMENT: Make a financial plan for your retirement. Show on it all of the things you want to do and how much you intend to spend on each. Read what you wrote to your classmates in the next lesson. Did everyone have similar plans?

ANSWERS

TRUE / FALSE:

- a. F b. T c. T d. T e. F f. T g. F h. F

SYNONYM MATCH:

- | | |
|--------------------|-------------|
| a. propensity | inclination |
| b. plummeted | nosedived |
| c. soaring | escalating |
| d. dip | descend |
| e. outstripped | surpassed |
| f. convention | habit |
| g. a puff of smoke | thin air |
| h. voracious | insatiable |
| i. fueling | stimulating |
| j. hike | rise |

PHRASE MATCH:

- | | |
|---------------------------------------|-------------------------------|
| a. Americans are spending like | there's no tomorrow |
| b. their propensity to open | their purse strings |
| c. spending is going | through the roof |
| d. safe to put saving on | the back burner |
| e. Last year saw the savings rate dip | into negative territory |
| f. The age-old convention of | saving for one's old age |
| g. vanished in a | puff of smoke |
| h. buoyant stock prices are further | fueling a feel-wealthy factor |
| i. implement measures to | prevent a shortage of cash |
| j. a hike in interest rates | is on the cards |

GAP FILL:

Americans spending at record rates

Figures recently **released** show Americans are spending like there's no tomorrow. Such is their **propensity** to open their purse strings, the national savings rate has **plummeted** to the lowest level since the Great Depression of the 1930s. Consumer spending is going through the **roof**, apparently on the back of soaring house prices. This seems to have convinced the **vast** majority of people that it is safe to put saving on the back burner. Last year saw the savings rate dip into negative **territory** for only the third ever time, as spending **outstripped** income growth. The US Commerce Department reported that spending rose by 0.9 percent, more than **double** the 0.4 percent rise in incomes.

All of this may lead to an **uncertain** future for many workers, especially when they retire. The age-old **convention** of saving for one's old age seems to have vanished in a **puff** of smoke, with Americans dipping into their savings after using up all of their **disposable** income. They are also putting their credit cards to good use in financing their voracious **purchasing**. Dividends from **buoyant** stock prices are further fueling a feel-wealthy factor. The central bank meets on Tuesday to **implement** measures to prevent a shortage of cash in the economy. Economists believe a hike in interest rates is on the **cards** - for a 14th time - in an attempt to avoid the risk of the economy overheating.