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## **US fat cats quizzed over high salaries**

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10<sup>th</sup> March, 2008

## THE ARTICLE

Three former CEOs of U.S. banking giants are currently facing tough questions by American lawmakers over the size of their salaries. In particular, why their earnings, bonuses and leaving packages were so high when the companies they headed were doing so poorly. Ex-Merrill Lynch CEO E. Stanley O'Neal and Citigroup's Charles O. Prince III resigned from their companies in late 2007 with million-dollar golden goodbyes. This is despite the fact that the corporations they headed lost billions of dollars and low-income homeowners lost their homes in America's housing collapse. Democrat Henry A. Waxman said America was an unequal society. "Most Americans live in a world where economic security is [uncertain] and there are real economic consequences for failure. But our nation's top executives seem to live by a different set of rules, he said.

Many Democrat politicians focused on why top executives were paid so well when their decisions led to huge, billion-dollar losses. One concerned committee member asked: "When companies fail to perform, should they give millions of dollars to their senior executives?" Republicans defended the executives and asked questions of their own. Darrel E Issa from California wondered why the CEOs were being targeted as "bad guys". Mr Issa said the executives also suffered because the value of the hundreds of millions of dollars they received in stocks went down when share values plummeted. A majority of Americans believe that their business leaders are highly overpaid. CEOs earn about 600 times more than the average American worker. This figure has rocketed from 1980 levels, when CEOs earned just 40 times more than Jo Public.

## WARM-UPS

**1. SALARIES:** Walk around the class and talk to other students about salaries. Change partners often. After you finish, sit with your original partner(s) and share what you found out.

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

*CEO / tough questions / bonuses / golden goodbyes / homeowners / failure / politicians / billion-dollar losses / bad guys / share values / being overpaid*

Have a chat about the topics you liked. Change topics and partners frequently.

**3. PAY:** Which job should get the highest salary / benefits? With your partner(s), fill in this table. Change partners and share your ideas.

Job	Salary	Holidays	Working hours	Overtime
Bank CEO				
Nation's president				
English teacher				
Movie star				
Heart surgeon				
Farmer				

**4. MESSING UP:** What should happen to CEOs who mess up big time? Talk with your partner(s) about these cases. Do they happen in real life? Make up some stories about them. Change partners and share your ideas.

- a. CEO loses company billions of dollars
- b. CEO caught putting company profits into own bank account
- c. CEO gives jobs to friends
- d. CEO tells company secrets to biggest rival
- e. CEO has relationship with a married employee
- f. CEO lies about a decision that caused an environmental disaster

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

**6. QUICK ROLE PLAY:** Students A **strongly** believe that there should be no limit on CEO salaries; Students B **strongly** believe it is wrong for a CEO to be paid millions of dollars. Change partners again and talk about your roles and conversations.

## BEFORE READING / LISTENING

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

- |  |       |
|--|-------|
| a. Lions and tigers in U.S. zoos are to start getting a salary.        | T / F |
| b. U.S. CEOs were well paid even though their companies did badly.     | T / F |
| c. Two CEOs got million-dollar leaving gifts from their companies.     | T / F |
| d. A U.S. politician said all American workers live by the same rules. | T / F |
| e. Democrat politicians asked why CEOs always got huge salaries.       | T / F |
| f. A Republican politician said CEOs were the bad guys in business.    | T / F |
| g. Most Americans think CEO salaries are fair and not too high.        | T / F |
| h. CEOs earn 600 times more than the average American worker.          | T / F |

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

- |                 |                          |
|-----------------|--------------------------|
| 1. former       | a. led                   |
| 2. tough        | b. resulted in           |
| 3. headed       | c. cave-in               |
| 4. collapse     | d. nosedived             |
| 5. consequences | e. bulk                  |
| 6. led to       | f. ex                    |
| 7. targeted     | g. effects               |
| 8. plummeted    | h. tricky                |
| 9. majority     | i. gone through the roof |
| 10. rocketed    | j. singled out           |

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

- |   |                             |
|---|-----------------------------|
| 1. facing                                   | a. goodbyes                 |
| 2. million-dollar golden                    | b. a different set of rules |
| 3. lost their homes in America's            | c. plummeted                |
| 4. live in a world where economic           | d. are highly overpaid      |
| 5. executives seem to live by               | e. housing collapse         |
| 6. their decisions led to huge,             | f. tough questions          |
| 7. CEOs were being targeted                 | g. billion-dollar losses    |
| 8. share values                             | h. from 1980 levels         |
| 9. Americans believe their business leaders | i. security is uncertain    |
| 10. This figure has rocketed                | j. as "bad guys"            |

## WHILE READING / LISTENING

**GAP FILL:** Put the words into the gaps in the text.

Three former CEOs of U.S. banking giants are currently \_\_\_\_\_ tough questions by American lawmakers over the size of their salaries. In particular, why their earnings, \_\_\_\_\_ and leaving packages were so high when the companies they headed were doing so \_\_\_\_\_. Ex-Merrill Lynch CEO E. Stanley O’Neal and Citigroup’s Charles O. Prince III resigned from their companies in late 2007 with million-dollar golden \_\_\_\_\_. This is despite the fact that the \_\_\_\_\_ they headed lost billions of dollars and low-income homeowners lost their homes in America’s housing \_\_\_\_\_. Democrat Henry A. Waxman said America was an unequal society. “Most Americans live in a world where economic \_\_\_\_\_ is [uncertain] and there are real economic consequences for failure. But our nation’s top executives seem to live by a different \_\_\_\_\_ of rules, he said.

*security*  
*bonuses*  
*collapse*  
*goodbyes*  
*facing*  
*set*  
*corporations*  
*poorly*

Many Democrat politicians focused on why \_\_\_\_\_ executives were paid so well when their decisions led to huge, billion-dollar losses. One \_\_\_\_\_ committee member asked: “When companies fail to \_\_\_\_\_, should they give millions of dollars to their senior executives?” Republicans \_\_\_\_\_ the executives and asked questions of their own. Darrel E Issa from California wondered why the CEOs were being \_\_\_\_\_ as “bad guys”. Mr Issa said the executives also suffered because the value of the hundreds of millions of dollars they received in stocks went down when share \_\_\_\_\_ plummeted. A majority of Americans believe that their business leaders are \_\_\_\_\_ overpaid. CEOs earn about 600 times more than the average American worker. This figure has \_\_\_\_\_ from 1980 levels, when CEOs earned just 40 times more than Jo Public.

*values*  
*defended*  
*concerned*  
*rocketed*  
*top*  
*targeted*  
*highly*  
*perform*

**LISTENING: Listen and fill in the spaces.**

Three former CEOs of U.S. banking giants \_\_\_\_\_ tough questions by American lawmakers \_\_\_\_\_ salaries. In particular, why their earnings, bonuses and leaving packages were so high when the companies they headed \_\_\_\_\_. Ex-Merrill Lynch CEO E. Stanley O'Neal and Citigroup's Charles O. Prince III resigned from their companies in late 2007 with million-dollar golden goodbyes. This is \_\_\_\_\_ the corporations they headed lost billions of dollars and low-income homeowners lost their homes in \_\_\_\_\_. Democrat Henry A. Waxman said America was an unequal society. "Most Americans live in a world where economic security is [uncertain] and there are real economic consequences for failure. But our nation's top executives \_\_\_\_\_ different set of rules, he said.

Many Democrat politicians \_\_\_\_\_ executives were paid so well when their decisions led to huge, billion-dollar losses. One concerned committee member asked: "When companies \_\_\_\_\_, should they give millions of dollars to their senior executives?" Republicans defended the executives and asked \_\_\_\_\_. Darrel E Issa from California wondered why the CEOs were being targeted as "bad guys". Mr Issa said the executives also suffered \_\_\_\_\_ hundreds of millions of dollars they received in stocks went down when share values plummeted. A majority of Americans \_\_\_\_\_ business leaders are highly overpaid. CEOs earn about 600 times more than the average American worker. This \_\_\_\_\_ 1980 levels, when CEOs earned just 40 times more than Jo Public.

## AFTER READING / LISTENING

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

<b>fat</b>	<b>cat</b>
------------	------------

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

<ul style="list-style-type: none"> <li>• tough</li> <li>• packages</li> <li>• late</li> <li>• collapse</li> <li>• unequal</li> <li>• rules</li> </ul>	<ul style="list-style-type: none"> <li>• focused</li> <li>• perform</li> <li>• questions</li> <li>• plummeted</li> <li>• highly</li> <li>• levels</li> </ul>
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## STUDENT CEO SURVEY

Write five GOOD questions about CEOs in the table. Do this in pairs. Each student must write the questions on his / her own paper.

When you have finished, interview other students. Write down their answers.

	STUDENT 1	STUDENT 2	STUDENT 3
Q.1.			
Q.2.			
Q.3.			
Q.4.			
Q.5.			

- Now return to your original partner and share and talk about what you found out. Change partners often.
- Make mini-presentations to other groups on your findings.



## **DISCUSSION**

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

- a) What did you think when you read the headline?
  - b) What springs to mind when you hear the abbreviation 'CEO'?
  - c) How does someone become a CEO?
  - d) What do you think of the CEOs in this article getting millions of dollars, even though their companies lost billions of dollars?
  - e) Do you think you'll ever get a golden goodbye, or a golden hello?
  - f) What do you know about America's housing collapse and the credit crunch?
  - g) Do you think America is an unequal society?
  - h) Do people in your country live by different sets of rules?
  - i) Do you think there should be a limit to how much someone can earn?
- 

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

- a) Did you like reading this article?
- b) Do you think pay should be related to performance for all jobs?
- c) Are the CEOs whose companies lost billions of dollars really bad guys?
- d) What does a CEO do all day?
- e) Do you feel sorry for the CEOs who lost a lot of money when their shares lost value?
- f) Who is overpaid in your society?
- g) What do you think of the fact that CEOs get paid 600 times more than average workers in America?
- h) What questions would you like to ask the CEOs?
- i) Did you like this discussion?

## LANGUAGE

**CORRECT WORD:** Put the correct words from a–d below in the article.

Three former CEOs of U.S. banking (1) \_\_\_\_\_ are currently facing tough questions by American lawmakers (2) \_\_\_\_\_ the size of their salaries. In particular, why their earnings, bonuses and leaving packages were so high when the companies they headed were doing so (3) \_\_\_\_\_. Ex-Merrill Lynch CEO E. Stanley O’Neal and Citigroup’s Charles O. Prince III resigned from their companies in late 2007 with million-dollar golden goodbyes. This is (4) \_\_\_\_\_ the fact that the corporations they headed lost billions of dollars and low-income homeowners lost their homes in America’s housing collapse. Democrat Henry A. Waxman said America was an (5) \_\_\_\_\_ society. “Most Americans live in a world where economic security is [uncertain] and there are real economic consequences for failure. But our nation’s top executives seem to live by a different (6) \_\_\_\_\_ of rules, he said.

Many Democrat politicians focused (7) \_\_\_\_\_ why top executives were paid so well when their decisions led to huge, billion-dollar losses. One concerned committee member asked: “When companies (8) \_\_\_\_\_ to perform, should they give millions of dollars to their senior executives?” Republicans defended the executives and asked questions of their (9) \_\_\_\_\_. Darrel E Issa from California wondered why the CEOs were being targeted as “bad guys”. Mr Issa said the executives also (10) \_\_\_\_\_ because the value of the hundreds of millions of dollars they received in stocks went down when share values plummeted. A majority of Americans believe that their business leaders are (11) \_\_\_\_\_ overpaid. CEOs earn about 600 times more than the average American worker. This (12) \_\_\_\_\_ has rocketed from 1980 levels, when CEOs earned just 40 times more than Jo Public.

- |     |                |                 |              |                |
|-----|----------------|-----------------|--------------|----------------|
| 1.  | (a) giant      | (b) giant-sized | (c) gigantic | (d) giants     |
| 2.  | (a) under      | (b) inside      | (c) over     | (d) outside    |
| 3.  | (a) poverty    | (b) poorly      | (c) poor     | (d) poorest    |
| 4.  | (a) despite    | (b) spite       | (c) in spite | (d) despise    |
| 5.  | (a) inequality | (b) equals      | (c) unequal  | (d) equity     |
| 6.  | (a) settings   | (b) setting     | (c) sets     | (d) set        |
| 7.  | (a) in         | (b) on          | (c) with     | (d) as to      |
| 8.  | (a) fail       | (b) fall        | (c) feel     | (d) fault      |
| 9.  | (a) themselves | (b) own         | (c) them     | (d) owners     |
| 10. | (a) suffers    | (b) suffering   | (c) suffered | (d) sufferable |
| 11. | (a) highly     | (b) higher      | (c) height   | (d) highest    |
| 12. | (a) figurine   | (b) figured     | (c) figures  | (d) figure     |



## **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 out about America's sub-prime crisis and housing collapse. Share what you discover with your partner(s) in the next lesson.

**3. CEOs:** Make a poster about two CEOs. Show your work to your classmates in the next lesson. Did you all have similar things?

**4. DIFFERENT SETS OF RULES:** Write a magazine article about two very different people in your society who live by different sets of rules. Include imaginary interviews them.

Read what you wrote to your classmates in the next lesson. Write down new words and expressions.

**5. LETTER:** Write a letter to a CEO. Ask her/him three questions about her/his job. Give her/him your thoughts on her/his multi-million-dollar salary. Read your letter to your partner(s) in your next lesson. Your partner(s) will answer your questions.

## ANSWERS

### TRUE / FALSE:

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

### SYNONYM MATCH:

- |                 |                          |
|-----------------|--------------------------|
| 1. former       | a. ex                    |
| 2. tough        | b. tricky                |
| 3. headed       | c. led                   |
| 4. collapse     | d. cave-in               |
| 5. consequences | e. effects               |
| 6. led to       | f. resulted in           |
| 7. targeted     | g. singled out           |
| 8. plummeted    | h. nosedived             |
| 9. majority     | i. bulk                  |
| 10. rocketed    | j. gone through the roof |

### PHRASE MATCH:

- |   |                             |
|---|-----------------------------|
| 1. facing                                   | a. billion-dollar losses    |
| 2. million-dollar golden                    | b. goodbyes                 |
| 3. lost their homes in America's            | c. housing collapse         |
| 4. live in a world where economic           | d. security is uncertain    |
| 5. executives seem to live by               | e. a different set of rules |
| 6. their decisions led to huge,             | f. tough questions          |
| 7. CEOs were being targeted                 | g. as "bad guys"            |
| 8. share values                             | h. plummeted                |
| 9. Americans believe their business leaders | i. are highly overpaid      |
| 10. This figure has rocketed                | j. from 1980 levels         |

### GAP FILL:

#### US fat cats quizzed over high salaries

Three former CEOs of U.S. banking giants are currently **facing** tough questions by American lawmakers over the size of their salaries. In particular, why their earnings, **bonuses** and leaving packages were so high when the companies they headed were doing so **poorly**. Ex-Merrill Lynch CEO E. Stanley O'Neal and Citigroup's Charles O. Prince III resigned from their companies in late 2007 with million-dollar golden **goodbyes**. This is despite the fact that the **corporations** they headed lost billions of dollars and low-income homeowners lost their homes in America's housing **collapse**. Democrat Henry A. Waxman said America was an unequal society. "Most Americans live in a world where economic **security** is [uncertain] and there are real economic consequences for failure. But our nation's top executives seem to live by a different **set** of rules, he said.

Many Democrat politicians focused on why **top** executives were paid so well when their decisions led to huge, billion-dollar losses. One **concerned** committee member asked: "When companies fail to **perform**, should they give millions of dollars to their senior executives?" Republicans **defended** the executives and asked questions of their own. Darrel E Issa from California wondered why the CEOs were being **targeted** as "bad guys". Mr Issa said the executives also suffered because the value of the hundreds of millions of dollars they received in stocks went down when share **values** plummeted. A majority of Americans believe that their business leaders are **highly** overpaid. CEOs earn about 600 times more than the average American worker. This figure has **rocketed** from 1980 levels, when CEOs earned just 40 times more than Jo Public.

### LANGUAGE WORK

1 - d    2 - c    3 - b    4 - a    5 - c    6 - d    7 - b    8 - a    9 - b    10 - c    11 - a    12 - d