УДК 378.147:811.111:616-036.21(045)
DOI: http://doi.org/10.32589/1817-8510.2024.1.298977

Ruslan Slobozhenko,
Senior Lecturer of the Foreign Languages & Translation Department,
Faculty of International Relations,
National Aviation University, Kyiv
ORCID iD: 0000-0002-1372-2913
ruslan.slobozhenko@gmail.com

THE ENGLISH LESSON PLAN ON THE TOPIC “A HISTORY OF THE CRISIS”

This paper represents the English lesson plan related to the pressing issue in the world today and offers an array of assignments for students at the B2-C1 level at English lessons. The stuff which engages students in improving their language skills include reading, listening, and speaking exercises, raise students' interest in discussing the issue of crisis, its causes and consequences and how it will impact on the world economy, and organize active usage of language material as well as help students acquire it effectively. The special attention is paid to the lexical and semantic features of the key words associated with the word 'crisis'.

Key words: *learning English; lesson plan; crisis; credit crunch; collapse; crash; default; bubble; meltdown; mortgage.*

Слоболженко Руслан Анатолійович,
старший викладач кафедри іноземних мов та перекладу,
факультет міжнародних відносин,
Національний авіаційний університет, м. Київ,
ORCID iD: 0000-0002-1372-2913
ruslan.slobozhenko@gmail.com

ПРАКТИЧНЕ ЗАНЯТТЯ З АНГЛІЙСЬКОЇ МОВИ НА ТЕМУ “ІСТОРІЯ КРИЗИ”

Пропонована робота є сценарієм практичного заняття з англійської мови, присвяченого одній з найактуальніших проблем сучасного світу, містить комплекс завдань, орієнтованих на студентів рівня B2-C1. Запропоновані форми роботи, метою яких є вдосконалення мовленнєвих навичок студентів, складаються із вправ, що передбачають вправляння в читанні, аудіюванні та говорінні, підвищують інтерес студентів до обговорення проблеми кризи, її причин і наслідків та її впливу на світову економіку, дають змогу активно використовувати й ефективно засвоїти мовленнєвий матеріал. Особливу увагу приділено лексико-семантичним особливостям ключових слів, які асоціюються зі словом “криза”.

Ключові слова: *вивчення англійської мови; практичне заняття; криза; кредитна криза; колапс; обвал; дефолт; бульбашка; крах; іпотека.*

They occur regularly. They are devastating, It is alarming. 1929 stock market crash, Black Monday crash of 1987, dot-com bubble of 2000, 2008 financial crisis. What do they have in common?

They hit hard. Regardless of what might have caused them, all of these crashes have an impact on the world economy. History of humanity is a continuous fight between mankind and viruses. Are we losing it?

What is to be done? Can we tackle them? Can we predict, prevent and prepare for new crises? The answer is that if we have a look back in history, we will see that crises are not only threats but they are new opportunities. That is why this topic is essential, enables us to get interested in it and concerns students of any major.

TOPIC: A HISTORY OF THE CRISIS

LEVEL: B2-C1

OBJECTIVES

- To enhance students' knowledge in the given topic
- To help students to identify the key vocabulary and its lexical and semantic features
- To encourage students to use the key vocabulary focusing on its connotations
- To improve students' reading, listening and speaking skills
- To practice thematic vocabulary and grammar during the discussion of the topic

MATERIAL

Article “What Is a Credit Crunch? Definition, Causes, Examples and Effects” (available at https://www.investopedia.com/terms/c/creditcrunch.asp); video “What is a bubble??” (available at https://www.youtube.com/watch?v=3vDPowCDWc8&t=1s); video “The Crisis of Credit Visualized” (available at https://www.youtube.com/watch?v=bx_LWm6_6tA&t=19s)

1. “Warm-up”: an introduction of the issue by focusing the key words. The discussion between the teacher and students.

T: *Look at the words given below and pronounce them correctly.*

collapse; crunch; default; meltdown; bubble; recession.

T: *Name the words mentioned above using the definitions given below.*

1) a complete failure, especially in financial matters

2) a failure to do something, such as pay a debt, that you legally have to do

3) a temporary period when a lot of people invest in a stock, property, or a product that becomes much more expensive than its real value

4) a period when the economy of a country is not successful and conditions for business are bad

5) the sudden failure of a system, organization, business; a sudden fall to a much lower level

6) a situation in which there is not enough of something

T: *Complete the sentences with missing words given in the previous exercise.*

1 Sri Lanka ____ on debt for the first time in its history.

2 Coronavirus credit ___ hits millions of Chinese firms.

3 Regulators shut down Silicon Valley in the biggest ___ since 2008 financial crisis.

4 The IMF chief warns of global financial ____.

5 Is the U.S. economy really heading for a ____?

6 From Dutch tulips to internet stocks, how to spot an asset ___.

2. Watching video 1.

T: *Watch the video "What is a bubble?" and answer these questions:*

1 What is a bubble?

2 What are the stages of a bubble?

3 When does a bubble burst?

4 What are prices influenced by?

5 Why is it difficult to spot a bubble?

6 How exactly do bubbles form?

(https://www.youtube.com/watch?v=vDPowCDWc8&t=1s)

3. Discussing video 1.

T: *Give your answers.*

4. Pre-reading activities.

T: *Discuss these questions. Give reasons for your answers.*

1 Do you think it is possible to avoid credit crunch?

2 How can credit crunch affect businesses? Do you know any examples?

3 Which role do banks play in the credit crunch? And how can it impact the world economy?

5. Reading comprehension. Understanding the main points.

T: *Read the article "What Is a Credit Crunch? Definition, Causes, Examples and Effects" and say whether these statements are true (T) or false (F):*

1 A credit crunch makes it possible for companies to borrow because lenders are scared of bankruptcies or defaults.

2 During the credit crunch, lenders may decrease interest rates.

3 Loans given to borrowers with questionable ability to repay result in rising bad debt.

4 A credit crunch often follows a period in which lenders are strict in offering credit.

5 The rate of bad debt is so high that many banks rely on government bailout to operate.

6 Fearful of losing lots of money, banks increase lending activity.

What Is a Credit Crunch?
Definition, Causes, Examples and Effects

1) A credit crunch refers to a decline in lending activity by financial institutions brought on by a sudden shortage of funds. Often an extension of a recession, a credit crunch makes it nearly impossible for companies to borrow because lenders are scared of bankruptcies or defaults, resulting in higher rates.

Understanding a Credit Crunch

2) A credit crunch is an economic condition in which investment capital is hard to secure. Banks and other traditional financial institutions become wary of lending funds to individuals and corporations as they are afraid that the borrowers will default. This causes interest rates to rise as a way to compensate the lender for taking on the additional risk.

3) Sometimes called a credit squeeze or credit crisis, a credit crunch tends to occur independently of a sudden change in interest rates. Individuals and businesses that could formerly obtain loans to finance major purchases or expand operations suddenly find themselves unable to acquire such funds. The ensuing ripple effect can be felt throughout the entire economy, as home-ownership rates drop and businesses are forced to cut back due to a dearth of capital.

Credit Crunch Causes

4) A credit crunch often follows a period in which lenders are overly lenient in offering credit. Loans are advanced to borrowers with questionable ability to repay, and, as a result, the default rate and presence of bad debt begin to rise. In extreme cases, such as the 2008 financial crisis, the rate of bad debt becomes so high that many banks become insolvent and must shut their doors or rely on a government bailout to continue.

5) The fallout from such a crisis can cause the pendulum to swing in the opposite direction. Fearful of getting burned again by defaults, banks curtail lending activity and seek out only borrowers with pristine credit who present the lowest possible risk. Such behavior by lenders is known as a flight to quality.

Credit Crunch Consequences

6) The usual consequence of a credit crunch is a prolonged recession, or slower recovery, which occurs as a result of the shrinking credit supply. In addition to tightening credit standards, lenders may increase interest rates during a credit crunch to earn greater revenues from the reduced number of customers who are able to borrow. Increased borrowing costs take away from an individual's ability to spend money in the economy, and it eats into business capital that could otherwise be used to grow operations and hire workers.

7) For some businesses and consumers, the effects of a credit crunch are worse than an increase in the cost of capital. Businesses unable to borrow funds at all face trouble growing or expanding, and for some, remaining in business becomes a challenge. As businesses scale back operations and trim their workforce, productivity declines and unemployment rises, two leading indicators of a worsening recession.

(https://www.investopedia.com/terms/c/creditcrunch.asp)

6. Learning the vocabulary

Definitions

T: Match these words (1-10) from the article with their meanings (a-j).

1 dearth **a)** becoming smaller

2 wary **b)** happening after something and because of it

3 eat into **c)** control of an activity that changes from one group to
another

4 recession **d)** when someone fails to pay interest or money that they
owe at the right time

5 secure **e)** a lack of

6 pendulum **f)** to gradually reduce the amount of time, money etc. that
is available

7 ensuing **g)** the inability to pay your debts, involving the sale of
your property

8 default **h)** not completely trusting or certain about something or
someone

9 shrinking **i)** prolonged downturn in economic activity

10 bankruptcy **j)** obtain

Word search

T: *Find words and expressions in the article which fit these meanings.*

1) financial help given to a person or a company that is in difficulty (**paragraph 4**)

2) the process of becoming successful or normal again after problems (**paragraph 6**)

3) not having enough money to pay what you owe (**paragraph 4**)

4) a time when borrowing money becomes difficult because banks reduce the amount they lend and charge high interest rates (**paragraph 1**)

5) lose a lot of money (**paragraph 5**)

6) a situation in which one action causes another (**paragraph 3**)

7) not strict in the standard you expect (**paragraph 4**)

8) money that a business or organization receives over a period of time, especially from selling goods or services (**paragraph 6**)

9) the rate at which a company produces goods or services, usually judged in relation to the number of people and the time necessary to produce them (**paragraph 7**)

10) the percentage amount that you pay for borrowing money (**paragraph 2**)

Word partnerships

T: *Match the words to make the following partnerships from the text.*

1 slower **a)** ripple effect

2 worsening **b)** squeeze

3 lending **c)** recovery

4 credit **d)** activity

5 ensuing **e)** recession

Sentence completion

T: *Complete the sentences with the words and expressions from the text in the correct form.*

1) The bill would ___ the number of immigrants to the US.

2) There is a ___ of qualified workers.

3) The administration assembled the $50 billion emergency ___ package to ease a financial crisis in Mexico.

4) The Federal Reserve raised ____ rates to help fight inflation.

5) Any ___ on your mortgage payments may mean you will lose your house.

6) How will economic ___ affect auto sales?

7) John's university fees have been ___ into our savings.

8) Now he's $37,000 in debt and plans to file for ___.

9) She managed to ___ a loan from the bank.

10) The sport doesn't generate much ___ from ticket sales.

7. Watching video 2.

T: *Watch the video "The Crisis of Credit Visualized". Look at the words and think about their meanings.*

subprime mortgages; collateralized debt obligations; credit default swaps; leverage; deregulation

(https://www.youtube.com/watch?v=bx_LWm6_6tA&t=19s)

T: *Name the words mentioned above using the definitions given below.*

1) the removal or reduction of government regulations in a specific industry

2) structured credit product that pools assets and packages them for sale to institutional investors

3) a type of home loan extended to individuals with poor, incomplete, or nonexistent credit histories.

4) the use of borrowed money to amplify the results of an investment

5) a type of credit derivative that provides the buyer with protection against default and other risks

8. Discussing video 2.

T: *Watch the video 2 and answer the questions.*

1 What caused subprime mortgage crisis?

2 How was a housing bubble created?

3 When the bubble burst, what did it lead to?

9. After watching activities.

T: *Match the first part of the sentences with their halves.*

1. Demand for mortgages led to …

2. Instead of lending too freely, banks lent too little, …

3. When subprime borrowers couldn't sell their houses at a higher price, …

4. The subprime mortgage crisis was caused by …

5. They created demand for mortgage-backed securities …

6. As defaults started to mount, …

7. The insurance companies covered them …

8. Subprime borrowers are those …

9. Demand fell, …

10. When the Federal Reserve raised the Fed funds rate,

11. And AIG almost went bankrupt …

a) hedge funds, banks, and insurance companies.

b) they were forced to default.

c) an asset bubble in housing.

d) it sent adjustable mortgage interest rates skyrocketing.

e) by pairing them with guarantees called credit default swaps.

f) banks were unable to sell these CDOs, and so had less money to lend.

g) causing the housing market to decline further.

h) trying to cover the insurance.

i) and so did housing prices.

j) who have poor credit histories and are therefore more likely to default.

k) with credit default swaps.

T: *Choose the correct option.*

1) The __ mortgage crisis was caused by hedge funds, banks, and insurance companies.

a) prime **b)** subprime **c)** principal

2) The first two created ___.

a) funds **b)** credit default swaps **c)** mortgage-backed securities.

3) The insurance companies covered them with ___.

a) credit default swaps **b)** mortgage-backed securities **c)** bonds.

4) __ fell, and so did housing prices.

a) Supply **b)** Proposition **c)** Demand

5) As defaults started to mount, banks were ___ to sell these CDOs, and so had less money to lend.

a) able **b)** capable **c)** unable

6) Instead of lending too freely, banks lent too little, causing the housing market to ___ further.

a) soar **b)** decline **c)** skyrocket

T: *Finish the sentences.*

- The subprime mortgage crisis was caused by **…** .
- The first two created **…** .
- The insurance companies covered them with **…** .
- The risk was not just confined to **…** . All kinds of debt was repackaged and resold as **…** .
- Demand for mortgages led to an **…** in housing.
- When the Federal Reserve raised the Fed funds **…**, it sent adjustable mortgage interest rates … . That sent home prices …, and borrowers … .
- That caused the 2007 … crisis, the 2008 … crisis, and the Great … .
- It created the worst recession since the Great … .

10. Summary

T: *As we can see, we go through new economic crises every decade, look for solutions, apply government intervention and regulation procedures. Do you think we thoroughly delved into the issue? Did we learn the lessons from previous economic and financial crises? Give your answers.*

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Отримано 14.11.23