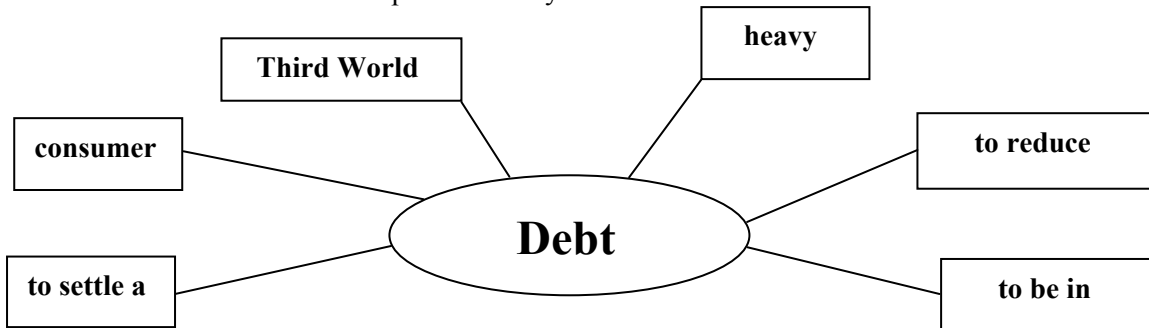


Debt

Consumer debt in the UK has now passed £1 trillion. Is the problem of debt spiralling out of control?

1 Look at the word web. Which of the expressions do you know?



2 Scan the article below. How many other expressions with the word 'debt' can you find in two minutes?

New levels of debt It's official! Figures from the Bank of England confirm that consumer debt in the UK has now passed £1 trillion. The last few years have seen a huge increase in the volume of debt on credit cards, loans, overdrafts and mortgages. About six million families in the UK struggle to keep up with credit commitments. 80% of the trillion pound borrowings are for house purchases.

Borrowing is also at record levels internationally. The US, Japan, Germany and Italy all have sizeable national debts. Many feel more should be done to reduce the crippling debts of the world's poorest and most indebted countries. One initiative by the World Bank and IMF has provided debt relief and reduced their payments by about one third.

At the end of the most expensive Olympic Games ever, the Greek government is still trying to calculate the cost, with estimates at \$9 to \$12 billion. There is no doubt that the country now faces a huge debt. Some argue that there will be a big increase in tourism over the next few years. However, studies say the cost of the Olympics is greater than the business it generates.

So, why do we borrow so much? Many factors encourage people to take out loans – low interest rates, a 'buy now – pay later' attitude. Consumers are bombarded by advertisements to take out large pre-approved loans. Being in debt is now a way of life for many. While it is easy to blame the greed of banks, ultimately it is the individual's decision whether or not to get into debt.

3 Read the article again. Summarise the key points.

4 Make sentences with the following verbs.

(a) to lend (b) to borrow (c) to overdraw (d) to repay

5 Work in small groups. Read the following advert for a loan. You are going to apply for this loan and must decide what you will do with the money. Make sure everyone in the group is happy with the final decision.

- **Borrow** up to €30,000 with our fixed cost, unsecured personal loan
- **Receive** a competitive rate – from 7.9% APR – **peace of mind** with payment protection insurance
- **Apply online** for instant response
- **Any purpose!** a new car, kitchen, holiday, loan consolidation....