

THE SOUTH SEA BUBBLE CRISIS

I. Pre-listening.

a. Match these definitions

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| a. debt | 1. A sudden fall in prices or value |
| b. shares | 2. Money that must be paid back |
| c. investor | 3. Ownership units of a company |
| d. crash | 4. A person who puts money into a business |
| e. speculation | 5. Buying something hoping its value will increase |

II. Listening

b. Choose the best summary for this audio

- ___ The audio explains how Britain became rich through trade with South America.
- ___ The audio explains why the South Sea Company was founded and the importance for the Spanish colonies
- ___ The audio describes how the South Sea Company's shares increased dramatically before collapsing in one of history's first financial bubbles.
- ___ The audio focuses on the growing tensions between Great Britain and Spain

c. Choose the correct option

- Why was the South Sea Company originally created?
 - To build ships for the navy
 - To help manage government debt
 - To explore South America
- What encouraged many people to buy shares?
 - Falling prices
 - Promises of large profits
 - Government taxes
- What happened to share prices during the bubble?
 - They remained stable.
 - They gradually decreased.
 - They rose rapidly.
- Why did the bubble eventually burst?
 - Investors lost confidence and began selling.
 - The company discovered gold.
 - Trade became more successful.
- What was one consequence of the crash?
 - Many investors lost money.
 - Britain stopped trading forever.
 - The government disappeared.

III. Post-listening

a. What were the short term and long term consequences that stemmed from this crisis?