

Time allotted: 1:00H

Date: December 1<sup>st</sup> 2012

**Text: Spanish Financial Crisis**

The 2008–2012 Spanish financial crisis began as part of the world Late-2000s financial crisis and continued as part of the European sovereign debt crisis, which has affected primarily the southern European states and Ireland. In Spain, the crisis was generated by long-term loans, the building market crash, which included the bankruptcy of major companies, and a particularly severe increase in unemployment, which rose to 24.4% by March 2012.

Spain continued the path of economic growth when the ruling party changed in 2004, keeping robust GDP growth during the first term of prime minister José Zapatero, even though some fundamental problems in the Spanish economy were already evident. Among these, according to the Financial Times, there was Spain's huge trade deficit (which reached a staggering 10% of the country's GDP by the summer of 2008), the "loss of competitiveness against its main trading partners" and, also, as a part of the latter, an inflation rate which had been traditionally higher than those of its European partners, back then especially affected by house price increases of 150% from 1998 and a growing family indebtedness (115%) chiefly related to the Spanish Real Estate boom and rocketing oil prices.

During the third quarter of 2008 the national GDP contracted for the first time in 15 years and, in February 2009, it was confirmed that Spain, along with other European economies, had officially entered recession. The economy contracted 3.7% in 2009 and again in 2010 by 0.1%. It grew by 0.7% in 2011.[6] By the 1st quarter of 2012, Spain was officially in recession once again. The Spanish government forecasts a 1.7% drop for 2012.

**COMPREHENSION**

Read the passage and answer the following questions: (3pts)

- 1- List two causes of the Spanish Financial Crisis?
- 2- Did Zapatero succeed in growing the Spanish GDP ?
- 3- When did Spain get into recession ?

**VOCABULARY: (4pts)**

Explaining the following expressions in your own words:

Loans: ..... contract: ..... forecasts: ..... recession: .....

Translate the following words either into Arabic or French:

Bankruptcy: ..... GDP: .....  
European sovereign debt: ..... Subprime: .....

**APPLICATION: (5pts)**

Fill in the gaps with the following words

**Tangible    balanced    GDP    consumer-oriented    conspicuous**

Americans have a reputation for being ..... consumers, embracing materialism for the sake of materialism. But most Americans also want a ..... life. Although Americans continue to consume more thanks to an efficient ..... economy, they have also made sacrifices in material gain for less ..... items like leisure time, convenience, and variety. These lifestyle gains, seldom accounted for in economic data like ....., are the result of a market-based economy, not government or pressure groups. Although the American market is very good at producing consumer goods, it has also played a pivotal role in helping Americans obtain a balanced life.

**SYNTHESIS: (8pts)**

Write a paragraph through which you suggest appropriate steps for Spain to overcome the financial crisis.

**Good luck**