

# How to Speak Money

reading + listening

Do you struggle with the language of finance?



Listen to the interview and answer these questions:

1. What is the presenter's biggest challenge every morning?
2. What is John Lanchester's new book called?
3. What does John Lanchester say people think when they hear the words quantitative easing?
4. What does John think the primary obstacle of financial language is?
5. What does John think is a red herring in the debate about financial language?
6. What is Mario Draghi talking about when he says 'detailed modalities'?
7. How does John explain the fact that debt is now called credit?
8. Is John trying to do a critique of modern capitalism?
9. What positive things is John highlighting?
10. What does John say really jumps out of the story?



The interviewer seems to think that the intent behind confusing language is important, whereas John says it is not. Who do you agree with? Do you think China's success is a victory for capitalism or communism or neither?



Read the extract from John Lanchester's book and summarise why he says we need to understand the language of money.



November 2014

## The Wall Street Journal

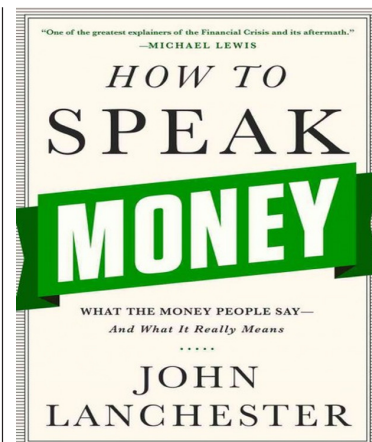
### How to Speak Money: A Lexicon by John Lanchester

John Lanchester is on a mission to help all those who find economic and financial jargon to be confusing, even indecipherable, for whom hearing about "gross domestic product" or "the Laffer Curve" is as headache-inducing as trying to understand quantum mechanics. For Mr. Lanchester was once in the same predicament.

Here are some extracts from his new book.

"There's a huge gap between the people who understand

money and the rest of us. A big part of the reason it exists is almost embarrassingly simple: it's to do with not knowing what the money people are talking about. But it's a gap we now need to close, both at the macro level, in order for us to make informed democratic decisions, and at the micro level, in terms of the choices we make in our own lives. From the starting point of language, we begin to have the tools to make up an economic picture."



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The article continues with an extract from the book that explains the term 'austerity'. What do you think it is going to say?

Read the next part of the article and check your ideas.

## Austerity

This is, I think, the strangest piece of political/economic vocabulary to have come along in my adult lifetime. What "austere" means in normal life is, in the words of the fifth edition of the Concise Oxford Dictionary, "harsh, stern; morally strict, severely simple". But that's a general quality that doesn't really mean anything tangible, which is a problem, since in this context

only the specifics matter.

What we're talking about here is spending cuts. Funds are either cut or they aren't; there's nothing abstract about it. The word "austerity" is an attempt to make something moral-sounding and value-based out of specific reductions in government spending that cause specific losses to specific people. I think it would be useful if people made a



distinction between cuts and "austerity", and used the latter word to mean an overall reduction in government spending as a percentage of GDP.

What do you think of his suggestion for the meaning of 'austerity'?

The next word discussed is 'bankster'. Which two words is this a fusion of and what is the history of the term?

Read the next part of the article and check your ideas.

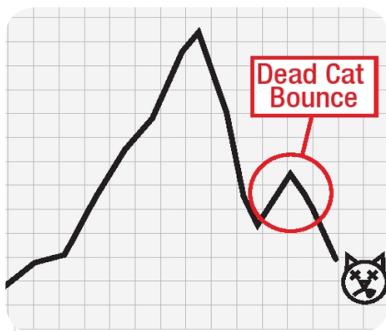
## Bankster

A rude term fusing banker and gangster. It originally dates from the Great Depression of the Thirties but has had an understandable revival since the

credit crunch. As Warren Buffett once said, about financial-sector conduct during a previous boom: "It was the bankers who were wearing the ski masks."



What do you think these terms mean: *Dead cat bounce* - *Eating their lunch* - *Hot waitress index*?



Read the next part of the article and check your ideas.

## Dead cat bounce

An apparent but illusory recovery in a falling market. It's the same kind of bounce a dead cat would give if you chuck it out a window:

not a very big one. If you're wondering who on earth would be so sick as to come up with a metaphor like that, greetings, and welcome to the world of money.

## Eating their lunch

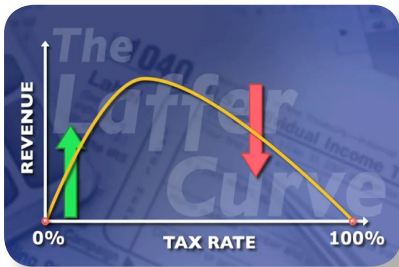
To outdo or defeat someone, often by outcompeting them or stealing their customers.



## Hot waitress index

One of several fanciful techniques for predicting the direction of the economy. Some of them are genuine attempts at working out which way things are going by looking at wider social trends. Some of them are so obvious they hardly need stating: the better the economy in an area is doing, the harder it is to find a taxi, or the more cranes you see when you look out the window.

The hot waitress index suggests as the performance of an economy improves, good-looking women get better and better work – what the girls in Lena Dunham’s *Girls* refer to as “pretty-girl jobs”, as gallery receptionists and suchlike. When times are harder, the girls who would otherwise get pretty-girl jobs instead end up working as waitresses. So the worse the economy is doing, the hotter the waitresses.



Do you have similar terms in your language?

Now discuss the meaning of these terms:

*Behavioural economics - Capitalism - Cost-benefit analysis - GDP (gross domestic product) - Interest rates - Laffer curve*



Read the extract from the article that you are given and explain the meaning of the term you read about to the other members of the class.

Without referring back to the article, explain the meaning of the terms below:

**Austerity - Bankster - Dead cat bounce - Eating their lunch - Hot waitress index - Behavioural economics - Capitalism - Cost-benefit analysis - GDP (gross domestic product) - Interest rates - Laffer curve**



What does the highlighted expression in this comment from the interview mean?

*I think intent is a slight **red herring** because we'll never be able to prove it.*



There are other expressions in English with **red**. What do you think these mean?

- |               |                        |               |
|---------------|------------------------|---------------|
| 1. a red flag | 2. red-handed          | 3. see red    |
| 4. red tape   | 5. a red rag to a bull | 6. in the red |

**Match the idioms to these explanations:**

- |   |                               |
|---|-------------------------------|
| __ something that provokes or makes one angry | __ in debt                    |
| __ a warning of danger or a signal to stop    | __ time-consuming bureaucracy |
| __ in the act of doing something wrong        | __ to become very angry       |

**Write sentences about yourself with the expressions.**

*e.g. I have never been in the red. I am pretty good with money.*