

The Depression of 1929-1933**Today****Government Reaction
Federal Reserve**

Slow to acknowledge

Rescue plan already passed

Failed to lower rates quickly

Lowered rates, injected liquidity, more
rate reductions likely**FDIC Insurance**

Did not exist

Congress raised coverage to \$250,000

Unemployment

Almost 25%

6.1% as of September 30, 2008

Corporate Earnings

Broad-based decline

Corporate profits still high except for
financials and autos**Lending**Banks over-leveraged to invest in
stocks – many became worthlessBanks over-leveraged to invest in
mortgages which are backed by houses
– tangible assets**Mortgages**44% of all first mortgages in
default6.4% of all mortgages at least one
payment behind**Protectionism**Intense protectionism prevented
countries from working together
to address the crisisCountries all over the world are working
together with a coordinated response.