

NAME: \_\_\_\_\_

DATE: \_\_\_\_\_



1. What was the main cause of the 2008 financial crisis?

- the collapse of the housing market
- the failure of major financial institutions
- economic recession
- all of the above

2. How did the financial crisis begin in the United States?

- Many people bought homes they couldn't afford.
- Several large financial institutions failed.
- There was a housing bubble.
- None of the above

3. What did the US government do to stabilize the financial system?

- bailed out major banks
- nationalized failing banks
- lowered interest rates
- none of the above

4. How did the crisis spread beyond the United States?

- credit crunch
- economic recession
- both A and B
- none of the above

5. What was the impact of the crisis on the global economy?

- The gap between rich and poor decreased.
- Economic growth was stimulated.
- Businesses failed and unemployment rose.
- none of the above

6. What did the 2008 financial crisis bring attention to?

- the issue of income inequality
- the importance of effective banking practices
- the importance of international coordination
- none of the above

**Discuss these questions with a friend or classmate.**

1. What information from the lecture did you find the most interesting? Why?
2. Do you think a similar financial situation could happen again? Why? / Why not?
3. What are the advantages / disadvantages of owning your own home?
4. How would you describe the current global financial situation?
5. What are the advantages / disadvantages of keeping all your money in a bank?
6. Do you think it's a good idea to invest in the stock market? Why? / Why not?

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## Audio Script

The 2008 financial crisis, also known as the Global Financial Crisis (GFC), was a period of economic turmoil that began in 2008 and lasted for several years. It was caused by a combination of factors, including the collapse of the housing market, the failure of major financial institutions, and the subsequent economic recession.

The crisis began in the United States, where a housing bubble had been growing for several years. Many people had taken out subprime mortgages, which are loans given to people with poor credit, to purchase homes they could not afford. As housing prices started to decline, many of these borrowers were unable to make their mortgage payments and began to default on their loans. This caused a ripple effect throughout the financial system, as many of these subprime mortgages had been bundled together and sold as securities to investors around the world.

The failure of several large financial institutions in the United States, such as Lehman Brothers, also contributed to the crisis. These institutions had invested heavily in the subprime mortgage market and were unable to withstand the losses caused by the housing market collapse. Their failure caused a panic among investors, who began to withdraw their money from other financial institutions, causing a credit crunch.

The crisis quickly spread beyond the United States and became a global problem. Many countries were affected by the credit crunch and the resulting economic recession. The crisis had a severe impact on the global economy, causing businesses to fail, unemployment to rise, and stock markets to plummet.

The response to the crisis varied among different countries and regions. In the United States, the government intervened to stabilize the financial system by bailing out major banks and other financial institutions. In other countries, such as the United Kingdom and Iceland, governments nationalized failing banks in order to keep them afloat. Many central banks also lowered interest rates and implemented quantitative easing measures to try to stimulate economic growth.

Despite these efforts, the crisis had a long-lasting impact on the global economy. Many countries experienced a period of slow economic growth, high unemployment, and increased government debt. The crisis also had a major impact on the financial sector, leading to increased regulation and oversight of banks and other financial institutions. The 2008 financial crisis also brought attention to the issue of income inequality, as the crisis had a disproportionate impact on lower-income households. The gap between the rich and the poor widened as many people lost their jobs and homes, while the wealthy were able to hold onto their assets.

## ANSWER KEY

1. all of the above
2. Many people bought homes they couldn't afford.
3. bailed out major banks
4. both A and B
5. Businesses failed and unemployment rose.
6. the issue in income inequality