

US Bail-out Plan

by Michelle K. Beckett



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US politicians have rejected a \$700bn deal to rescue America's financial system and end the credit crunch.

The bill, called the Emergency Economic Stabilization Act of 2008, was rejected by the US Senate and the House of Representatives.

How did the problem start?

The world's financial markets are having a lot of problems because too many banks invested a lot in the US mortgage market, and now they don't know how many of these mortgage loans will be paid back.

The credit crunch resulted in the collapse of several large financial institutions - both in the United States and in Europe.

What could happen without a bail-out?

Without a bail-out, the economic crisis will probably get worse.

In a worst-case scenario there could be a domino effect of banks closing around the world. This could start a global economic crisis, with millions of companies going out of business and tens of millions of jobs lost.