

SPECIAL COVERAGE

End of Wall Street

OVERVIEW

In the three-part video series “End of Wall Street,” Wall Street Journal reporters explain how the housing bubble inflated and burst, and why easy money led to the collapse of Wall Street’s biggest financial institutions. They also explore what was going through the minds of CEOs, corporate boards, fund managers and mortgage lenders as they created hard-to-understand derivatives Warren Buffett once called “weapons of financial mass destruction.” This final chapter of the crisis on Wall Street tells the story of the \$700-billion bailout, as seen through a reporter’s eyes, and looks at what’s ahead for the global economy.

Part One: What Happened?

■ At the root of today’s financial mess was a push by the government to promote homeownership, a centerpiece of the American dream. In fact, years before the recent foreclosure wave, homeownership was rising steadily to record levels. Do you think that promoting homeownership was a worthwhile goal? How could the government have achieved its objective without risking a crisis?

■ Who are Fannie Mae and Freddie Mac? Use the Internet to research their histories. What has happened to them since the crisis on Wall Street?

■ What role did competition on Wall Street play in its downfall?

■ Explain credit-default-swaps and why they were key to the end of Wall Street.

Part One: Why It Happened?

■ Who are the banking regulators? What was their role in the crisis on Wall Street?

■ Research the following people and explain their roles in the crisis on Wall Street:

Alan Greenspan

Kenneth D. Lewis

Richard Fuld Jr.

Ben Bernanke

John Thain

Lloyd Blankfein

■ What are credit-ratings agencies? What is a Triple-A rating?

■ Why did the regulators bail out Bear Sterns but did not rescue Lehman Brothers?

■ Why did banks stop lending money? What could they have done instead? How is the banking industry working to rebuild confidence?

Part One: Why Happens Next?

■ Use the Internet to research the \$700 billion bailout. Why has the government been so generous with handing out bailout money? How is the money being distributed. What check-and-balance system is in place to make sure the money is used properly?

■ There are a lot of similarities between the stock market crash of 1929 and today’s crisis on Wall Street. Use the Internet and resources from your school library to research the Great Depression. What happened, how long did it last, and how did the U.S. recover from it? Why didn’t the U.S. find itself in another depression after the 1987 stock-market crash? Do you think the U.S. is facing another Great Depression?

ADDITIONAL RESOURCES

Reading

“The Weekend That Wall Street Died” looks at financial crisis that led to Lehman’s collapse and sent Merrill scrambling marked a shift on Wall Street. Instead of CEOs banding together, it was every man for himself. <http://online.wsj.com/article/SB123051066413538349.html>

Web Resources

Markets Data Center: Markets Data Center is a comprehensive resource from WSJ.com. You can use this site to track the market’s reaction to this week’s crisis on Wall Street. online.wsj.com/marketsdata

The Federal Reserve: The Web site for the central bank of the U.S. features a news release on how it will help the financial markets during the crisis. www.federalreserve.gov

Wall Street Journal Blogs

Coverage of the Wall Street Crisis
blogs.wsj.com/wallstreetcrisis

MarketBeat

blogs.wsj.com/marketbeat

Deal Journal

blogs.wsj.com/deals

Real Time Economics

blogs.wsj.com/economics

Washington Wire

blogs.wsj.com/washwire

Law Blog

blogs.wsj.com/law