

The 2007-2008 Global Financial Crisis (Hamburger Crisis)

Explain the cause(s) or the story behind the recession.

The Hamburger Crisis was the result of the United State's failure to manage real estate loans and tight oversight of investment bankers to the extent of lack of liquidity. The 2007-2009 financial crisis began with the bank's low lending standards and lax lending standards. Financial institutions lend money to their owners of worthless investments, including trillions of dollars in subprime mortgages. Subprime lending standards are declining in the United States, making it easier to qualify for top-tiers loans, and subprime lending is a riskier business, no evidence of income and assets is highlighted. And this crisis has threatened the stability of financial institutions. The government adopted a policy to stimulate the economy by lowering the interest rate on loans in order to increase spending and investment. As a result, some groups of people borrow money to buy real estate for speculation. Due to the very low interest rate drop the real estate price rose. Even more, people are encouraging people to borrow money to buy real estate for speculation, resulting in real estate prices being higher than reality, until finally there was a bubble in the real estate market.

What happened to GDP (or growth rate), unemployment, and inflation of affected counties?

Most Americans suffer the most. Millions of families have lost homes, businesses, or savings. In 2012, the net worth of American households had dropped to about \$ 14 trillion. Lifetime income for Americans fell to \$ 70,000. Approximately 7.5 million jobs were lost. Millions of workers have lost their jobs and face long-term unemployment. The disparities that were visible had cause a lot of public dissatisfaction. People criticize political and economic systems that seem designed only to serve the interest of the wealthy. People are aware of economic inequality in the United States.