

Financial crisis of 2007- 2008 and aftermath essay example

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Financial crisis of 2007- 2008 is considered as one of the worst financial crisis that affected almost whole world in a way or the other. Various leading financial institutions and banks crumbled in this financial crisis and economy of several countries. Financial crisis of 2007-2008 made economists helpless and they could not do anything except seeing it happening. Different theories came on the causes and consequences of financial crisis. Many authors expressed their views in forms of articles and books. ' In Fed We Trust' is one of several books that describes the financial crisis in a new perspective. This paper intends to discuss the financial crisis of years 2007-2008 along with presenting a review of the book, " In Fed We Trust" by David Wessel.

David Wessel is an experienced journalist and author who use to express his views on different political, social and economic issues. Wessel writes columns in various magazines and his contributions are recognized by giving him Pulitzer Prize. Wessel has received the Pulitzer Prize twice for raising important issues and expressing his fearless views on the same. The author has presented a thorough analysis on the financial crisis that took place in years 2007-2008.

David Wessel in his book described what all things occurred in Washington before the financial crisis of 2007-08 took placed. The author described how various events took place over few years before the financial crisis occurred. Wessel who was economic editor at The Wall Street Journal, informs readers how politicians and other regulatory authorities were not prepared for the tragedy. The crisis hit economy so badly that it was very close to the same situation that country and people faced during the great economic

depression (1930s).

The book talked about poor luck of B. S. Bernanke, Chairman of Federal reserve and former professor from Princeton. Bernanke joined the chairmanship just when financial crisis was about to hit the country. The Book ' In Fed We Trust' offers description of authorities who were responsible to effectively deal with economic slowdown, credit freeze, crash of stock market and housing meltdown. Bernanke, Henry Paulson, Timothy Geithner, and other team members were unable to understand what is going on and how they can control the crisis. The author in his book mentioned about negligence of the authorities and their leniency towards certain rules and regulations resulted in such a huge financial crisis.

Wessel in general praised Bernanke for the way he handled the situation and his extra cautious behavior that helped him in dealing with the economic disaster. Bernanke worked as per his own knowledge and disobey the rules set by Federal Reserve, he flooded market with new cash and decided to do all things to strip off bank operations. Wessel very effectively described how decisions taken by the Bernanke helped in improving the situation and protected economy from facing the worst. Various experts present either positive or negative records of the Bernanke, but Wessel said that Bernanke's success or failure will depend upon the time that economy will take in order to completely recover from the crisis.

The book describes the damages caused to the economy due to recession such as crippled organizations, high unemployment, laid-off employees and foreclosed homes. The book provides informative evidences that shows the efforts made in order to bring back old economic position. There are various

other books written on the financial crisis of 2007-08, but majority of the books talk about the corruption took place in mortgage lending and also recklessness of Wall Street. Wessel, on the other hand, talked about the hostile approach adopted by the former chairman of Federal Reserve i. e. Alan Greenspan. Wessel describes how Alan Greenspan did not equally distributed the financial responsibilities according to their importance and weight (Wessel).

Scrutinizing various reasons of financial crisis in the United States of America, the author writes that Americans have a tendency to lead a lavish life and they do not save for their difficult times. The author suggests that there are many nations where people have a tendency of saving and they face such difficult situations in an easy way. The book also touches various aspects of American life. There are various instances wherein the people would have played very crucial role in preventing such a crisis but instead, they played a role of mere spectator.

Wessel also indicates that when George Bush himself did not show much interest on the financial crisis of 2007-2008, it gave others a chance of taking the issue in an irresponsible manner. He cites an incident wherein US president was supposed to take a concrete decision on an important financial issue and quotes US president, if you are comfortable with this, then I am comfortable with it.” He quotes president further adding “ If there’s a villain looming over the Wessel version of why the government was so overwhelmed, it is Greenspan, who led the Federal Reserve from 1987 until 2006” (Wessel).

He starts his scrutiny from the post of president and discusses the same in

terms of Securities and Exchange Commission and other players. He asks various questions on role of these people and agencies and then answers these questions himself. The author asks how Securities and Exchange Commission overlooked various irregularities of the stock market. Wessel asks how this institution has played a dubious role in the financial crisis of the years 2007-2008. He writes, “ Top officials at both the Fed and the Treasury had decided the S. E. C. and its chairman weren’t up to the job of coping with the collapse of an investment bank” (Wessel).

The financial crisis and its handling by US president and other policy makers was poor and it was not done in a prudent manner. It becomes clear if appropriate steps would have taken in order to check the issue, the damage would have been reduced substantially. The people who were responsible for tackling the situation failed in doing so and it caused a mishap that affected the whole America. Financial institutions were collapsed, People lost their jobs and they were ruined.

The book is all about the financial crisis of years 2007-2008, but simultaneously it discusses American policies and situations that lead to this crisis. It analyses the crisis in a vigilant manner and presents its findings in an unbiased manner. The author has proven his skills and displayed his merit in his book. There are several books written on the subject but due to its credibility, Wessel’s book has succeeded in making a different image of itself on the issue of financial crisis.

If we observe the book, it does not address much about the financial crisis in terms of other parts of the world, but at the same time, it does not completely overlook the issue. There are various instances when the author

discusses the issue in terms of other parts of the world. He indicates how there are many economies that are least affected because of their unique model and mechanism of economic management. He blames American consumerism and for the financial crisis and appreciates the people who tend to save their money for turbulent times. The author has spent many years in journalism and he has developed skills to interpret things in a realistic manner. He portrays the same skills in his book and educates readers.

After going through the general idea of the book and analyzing it thoroughly, it can be concluded that the author has delivered a book that understands the financial crisis and helps readers in understanding the same in a prudent manner. The author has tried to include each and every detail that may elaborate financial crisis of 2007-2008. The book also presents some untouched accounts of the financial crisis and role of various institutions is presented in a realistic manner. Since the author is an eminent scholar and well experienced journalist, he has his sources and connections in every institutions. He has used his connections and presented every relevant detail on the issue of financial crisis. The book is very helpful in learning about the financial crisis. It further teaches a lot to students and policymakers on various aspects of financial crisis that enthralled the whole world including United States of America.

Work Cited

Wessel, David. In FED We Trust: Ben Bernanke's War on the Great Panic. New York: Crown Publishing Group, 2009. Print.