

Buisness and the recession



**ASSIGN
BUSTER**

How AIG was affected by U. S. recession: AIG is an insurance corporation that is multinational. They have headquarters in New York City, London, Paris, and Hong Kong. In the year 2000, the company held the title for the 29th largest company in the world. Things took a turn for the worse in this company when, in 2008, they suffered from a liquidity crisis and its credit ratings were downgraded below " AA" level. AIG had to take out a number of down loans and had to sell a number of its subsidiaries to pay them all off.

Source: Johnson, Rodney. " Is AIG a Tipping Point in This Recession? Chief Marketer Home Page. 24 Mar. 2009. Web. 14 May 2012. . How Sallie Mae was affected by U. S. recession: This Company was one of the few companies in business at this time of recession that was affected in a positive way. With more and more companies failing and people losing their jobs, this gives all Americans many more reasons to want to have higher education and provide their children with higher education. With the need for more education, comes all the extra costs, and with more and more people without jobs, there is a great increase in needing loans.

That is exactly what this company's strategy was and they took full advantage of the opportunity to give student loans to students across the country hoping for a successful future. Source: " Sallie Mae. " Wikipedia. Wikimedia Foundation, 18 Apr. 2012. Web. 14 May 2012. . How Lehman brothers was affected by U. S. recession: the Lehman brothers crisis first began when Britain's biggest mortgage lender crashed 34 percent in early trading. Next, billions of dollars were wiped out when the FTSE fell below 4000 and it seemed to be all downhill from there.

Within the next month following the Lehman Brothers crash, Bank of America took over Merrill Lynch and Mortgage giants Fannie Mae and Freddie Mac practically fell apart. Source: Gamm, Scott. " Three Years Ago: Lehman Brothers Collapsed. " How to SaveMoney, Reduce Debt and Manage Credit Cards. 15 Sept. 2011. Web. 14 May 2012. . Government action: In response to the economies recession the government took a number of actions. Programs were put in place called automatic stabilizers that would increase spending or cut taxes to whoever was impacted by the ecession, without new legislation. Actions were taken by the Federal Government in support of the housing and financial markets, increases in discretionary spending, and the passing of stimulus bills. Source: Romer, Christina D. " From Recession to Recovery: The Economic Crisis, the Policy Response, and the Challenges We Face Going Forward. " The White House. White House, 22 Oct. 2009. Web. 14 May 2012. . Do you feel any of the companies played a role in creating the current recession or their own financial hardships?

Do you feel they should have been more prepared to overcome financial hardships? Why or why not? I think for the most part, companies did the best they could to avoid recession, but when it comes to creating their own financial hardships, taking out multiple loans did not help any of the companies at all. I do agree that yes, they should have been more prepared to overcome the financial hardships and have more options instead of putting themselves further into debt. Should the government get involved in " bailing out" major U.

S. corporations? Why or why not? If the government can be of any help that doesn't push themselves or the company into further damage then I don't

believe there is any reason not to. Should companies be required to pay the government back? Yes absolutely. The governments money comes from us, the citizens and it is not fair that we would have to be paying off someone's financial burdens without the government being paid back, because then we would be having to give more money when we may have financial burdens of our own.