

# [Key events in financial crisis](https://assignbuster.com/key-events-in-financial-crisis/)

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The Causes of Financial Crisis
Key among the causes of global financial crisis was the credit crunch in which US investors lost confidence in the value of sub-prime mortgages that in turn led to a liquidity crisis. The step by the US Federal Bank to inject large sum of capital into financial markets also contributed to this global crisis (“ Crash course,” 2013). The crisis widened by September 2008, when the stock markets across the globe crashed, by that, becoming highly volatile. The event of September 14, 2008, when the Lehman Brothers collapsed, profoundly contributed to global financial crisis.
Decisions by Politicians and Businesses that Contributed to Global Economic Crisis
The decision by Federal Reserve Chairpersons to dismiss the build-up of the housing bubble until 2007 from 202, contributed to this crisis. They never took the initiative to control the housing bubble or regulate mortgage companies. The Wall Street Executives’ decision to ignore policies focusing on internal risk management and their aim to increase revenues in a short time led to the crisis. In addition, the decision by US Presidents to hire former Wall Street lobbyists to serve as government policymakers led to bailing out of banks without any regard to moral hazard. The decision risked the future of the national economy and shifted the burden to taxpayers.