

English



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ASSIGNMENT PART The topic selected is the Mortgage Crisis The method chosen is free writing. I decided to do free writing to develop a thesis ment about the mortgage crisis. I felt that if I just put a lot of words and associations down on the page I would come to a conclusion. Some of the associations were: homelessness, poverty, no money, unemployment, fraud, cheating, banks, greed, confusion, suicide, loss, family, devastation, American dream.

My thesis statement: The mortgage crisis has shaken many peoples' belief in the American dream.

PART 2

For the last two years the world economy has been on the brink of disaster. This is a situation that everyone should be concerned about. It affects every aspect of our day to day lives and how we view the American dream. Many people have had their faith in the American dream shattered by the crisis and the loss of their home. Many have said that the whole financial system will collapse due to the huge problems revealed by the credit crunch and the failure of banks around the world. In the face of these problems each country has had to find economic policies to try to stave off a serious depression. Many economists believe the crisis began because of a big asset boom in the United States. Banks and other lenders gave away many loans at very low interest rates to people who simply who could not afford to pay back the money. In the beginning this led to a huge boom in housing prices because there were so many buyers in the housing market and there was a high demand and a somewhat low supply. However, eventually what happened was that people began to default on their mortgage payments. During the boom years many complicated financial products involving mortgages were

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bought and sold by banks and it was difficult to know how many of these "toxic mortgages" were actually on a banks balance sheet. As the number of defaults and foreclosures increased people began to become very nervous as they had trouble determining the value of banks stocks and how many bad mortgages they held. These are serious problems the government needs to fix. We need to have a new era of hope and faith in order for people to begin to believe in the American dream again.