TRACKING THE CREDIT CRISIS

We are now well into what may be the most challenging man-made calamity in modern experience: a global financial crisis of unprecedented size, speed, interconnectedness and complexity. Given the indications of economic contraction, shrinking consumer demand, major bank insolvencies, falling housing and stock market prices, and a possible deficit of $2 trillion in 2009, we are increasingly entering uncharted territory.

The economy will recover once the credit crisis is dealt with and enough lending occurs for sustainable growth. In the meantime, however, since 2007 the world has lost, on paper, approximately two-thirds of its wealth, or about $40 trillion out of an estimated $55-60 trillion.

What caused this crisis? Put simply, it was a chain reaction that began with banks being guaranteed and injected into the private sector in 2008 and 2009 by the US government. Its purpose is to shed light on the complexity and enormity of this important moment in financial history as it continues to unfold.

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