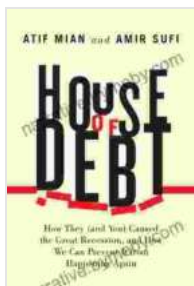


How They and You Caused the Great Recession, and How We Can Prevent It From Happening Again

The Great Recession was the worst economic downturn since the Great Depression. It caused widespread job losses, foreclosures, and bankruptcies. In this book, the authors argue that the recession was caused by a combination of factors, including deregulation of the financial industry, reckless lending practices, and a housing bubble. They also offer solutions to prevent a similar crisis from happening again.



House of Debt: How They (and You) Caused the Great Recession, and How We Can Prevent It from Happening Again by Atif Mian

★★★★☆ 4.4 out of 5

Language	: English
File size	: 1446 KB
Text-to-Speech	: Enabled
Screen Reader	: Supported
Enhanced typesetting	: Enabled
Word Wise	: Enabled
Print length	: 240 pages
Lending	: Enabled

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Deregulation of the Financial Industry

One of the major factors that contributed to the Great Recession was the deregulation of the financial industry. In the years leading up to the crisis, the government passed a number of laws that made it easier for banks to

take risks. These laws included the Gramm-Leach-Bliley Act, which repealed Glass-Steagall, and the Commodity Futures Modernization Act, which exempted over-the-counter derivatives from regulation.

As a result of these laws, banks were able to take on more and more risk. They made risky loans to subprime borrowers, and they invested heavily in complex financial instruments that they didn't understand.

Reckless Lending Practices

Another major factor that contributed to the Great Recession was reckless lending practices. Banks made subprime loans to borrowers who had poor credit histories and little ability to repay their debts. They also made Alt-A loans to borrowers who had slightly better credit histories but still posed a significant risk of default.

Banks were able to make these risky loans because they were able to sell them to investors as mortgage-backed securities. These securities were rated AAA by credit rating agencies, which led investors to believe that they were safe investments.

Housing Bubble

The third major factor that contributed to the Great Recession was the housing bubble. In the years leading up to the crisis, housing prices rose rapidly. This was due to a number of factors, including low interest rates and speculation by investors.

As housing prices rose, people began to take out more and more loans to buy homes. They believed that the value of their homes would continue to rise, and they used their homes as collateral for other loans.

The Collapse

In 2007, the housing bubble burst. Housing prices began to fall, and subprime borrowers began to default on their loans. This led to a cascade of events that eventually caused the collapse of the financial system.

The collapse of the financial system had a devastating impact on the economy. It caused widespread job losses, foreclosures, and bankruptcies. It also led to a loss of confidence in the financial system.

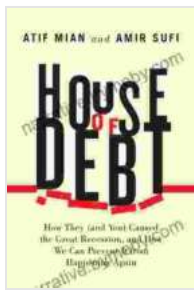
Solutions

The authors of this book offer a number of solutions to prevent a similar crisis from happening again. These solutions include:

- Re-regulating the financial industry
- Cracking down on reckless lending practices
- Educating consumers about financial risks
- Creating a more stable housing market

The authors argue that these solutions are necessary to prevent another financial crisis. They believe that if we don't take action, we are at risk of another Great Recession.

The Great Recession was a devastating event that had a profound impact on the lives of millions of people. It is important to understand the causes of the recession so that we can prevent it from happening again. This book provides a valuable analysis of the causes of the recession and offers solutions to prevent a similar crisis from happening again.



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