

Student Worksheet

DIRECTIONS

Read the following news story and answer the reading comprehension and discussion questions. Use additional paper if necessary.

STORY

Fed Tries to Ease Impact of Mortgage Crisis on U.S. Economy, 01/14/08

http://www.pbs.org/newshour/extra/features/jan-june08/collapse_1-14.html

READING COMPREHENSION QUESTIONS

1. **Why is the government trying to help people pay their mortgages and stay in their homes?**
2. **Define subprime mortgages.**
3. **Why did subprime mortgages become popular?**
4. **Why can these subprime loans be problematic?**
5. **What is securitization and how is it related to the subprime mortgage market?**
6. **How has the federal government responded to this situation?**

DISCUSSION QUESTIONS (more research might be needed)

1. The United States has a relatively high home ownership rate, about 68 percent—the same as in Britain, which is well ahead of Germany (40 percent), but behind Ireland's 80 percent or Spain's 85 percent. Why do you think that is? What does home ownership say about a country's culture and economy?

2. Is it the federal government's responsibility to fix this housing problem? Why or why not?

3. Do you think it's fair that people who bought a house they can't afford should get help with their loans? Should considerations be made for people who stayed out of the housing market because they couldn't afford homes and didn't want to take on risky subprime loans?

4. Examine the housing market in your community. Talk to realtors and bankers who provide mortgage loans to people who want to buy homes. Examine the local media including television and radio news programs and newspapers. What did you learn? What impact is the housing market having on other parts of the economy in your community? What do local government and civic leaders think should be done in this situation? Do you agree or disagree? Why?

5. English economist Andrew Oswald argues that across European countries, and across U.S. states, high levels of home ownership are correlated with high levels of unemployment. Renting a home and staying flexible can increase the chances of finding an interesting and better-paying job, he argues. What do you think of this theory? Do you think owning a home is a positive thing? Why or why not?

Extension Activity

Have students write a 300-500 word essay on this topic providing clear examples. Send your completed editorial to NewsHour Extra (extra@newshour.org). Exceptional essays might be published on our Web site.