

Using NewsHour Extra Feature Stories

STORY

Big Banks Fail, Signaling More Economic Troubles Ahead 09/16/08

http://www.pbs.org/newshour/extra/features/us/july-dec08/banks_9-16.html

READING COMPREHENSION QUESTIONS

1. What happened to Lehman Brothers on Sept. 15?

2. What happened to Merrill Lynch?

3. How did the companies' troubles affect the market?

4. What is the Dow Jones industrial average?

5. How did the government respond and how was that different from how it treated mortgage companies Fannie Mae and Freddie Mac?

6. What is a subprime loan?

7. What role did subprime loans play in the Lehman collapse?

DISCUSSION QUESTIONS (more research might be needed)

1. Did the government make the right decision by not rescuing Lehman? Why or why not? Is it fair that other companies were bailed out by the government earlier this year?

2. What are some loan requirements that would have helped prevent some of the subprime crisis and helped prevent people from getting loans they couldn't pay off?

3. How does the economy rank in importance for you among the election issues? What would you like the next president to do about the economy?

4. Using the site <http://www.marketwatch.com/quotes>, pick one of the companies in the article and find out what its stock was worth on Sept. 16, 2008. Then, using the historical quotes tab, find out how much that stock was worth on the same date in 2006 and 2007. Do the same for any company of your choice. Compare what you see between the two companies' stock values.

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.