

Using NewsHour Extra Feature Stories

STORY

Plans Change Dramatically for U.S. Financial Bailout 11/14/08

http://www.pbs.org/newshour/extra/features/us/july-dec08/rescue_11-14.html

Estimated Time: One 45-minute class period with possible extension

[Student Worksheet](#) (reading comprehension and discussion questions without answers)

PROCEDURE

1. WARM UP

Use initiating questions to introduce the topic and find out how much your students know.

2. MAIN ACTIVITY

Have students read NewsHour Extra's feature story and answer the reading comprehension and discussion questions on the student handout.

3. DISCUSSION

Use discussion questions to encourage students to think about how the issues outlined in the story affect their lives and express and debate different opinions.

INITIATING QUESTIONS

1. What does is mean if you invest in a company?

2. What is credit?

3. What have you been hearing on the news about the U.S. economy?

READING COMPREHENSION QUESTIONS – [Student Worksheet](#)

1. How is the U.S. financial rescue plan changing?

ANSWER

The U.S. government is shifting the focus of the \$700 billion financial rescue plan away from buying up bad mortgage assets, instead trying to help consumers get credit by investing in banks and other financial institutions.

2. What was the rescue money originally supposed to be spent on?

ANSWER

The original plan was to buy up "troubled assets" from banks and financial institutions holding debt from bad mortgages.

3. Why is the U.S. Treasury buying shares of banks?

ANSWER

By injecting money, or "capital," into these institutions, the Treasury hopes they will make more loans, helping to relieve tight credit conditions.

4. Why is credit important to the economy?

ANSWER

Credit feeds the economy by enabling people and companies to borrow money to make purchases or payments until they have the cash to pay it back. Governments also borrow money, and banks borrow money from each other.

When banks are unable or unwilling to lend money, the normal flow of business slows down.

5. What do lobbyists do?

ANSWER

Lobbyists are people who are paid to promote a company or interest group, such as the oil industry, to lawmakers and the government. They try to influence decisions in a way that is favorable for their employers.

6. What does President-elect Obama want to do for the auto industry?

ANSWER

President-elect Barack Obama asked Congress Thursday to approve as much as \$50 billion to rescue the auto industry.

7. How is China's plan different from the U.S. rescue plan?

ANSWER

China's \$586 billion package includes specific plans for tax cuts and a program of spending on infrastructure for the country and on social programs like education and health care.

The money will help finance the development of low-income housing, technological innovation and rebuilding areas damaged by natural disasters.

DISCUSSION QUESTIONS (more research might be needed)

1. Do you think Paulson and the U.S. Treasury should have the freedom to use the rescue plan money as they see fit, or should Congress have to approve changes? Why?

2. Does the government's new strategy of buying shares of banks, giving the government partial ownership, go against the idea of a free market system? Why or why not?

3. Do you think the auto industry should receive rescue money too? What are the pros and cons of helping bailout these car-making companies?

4. Compare the U.S. financial rescue plan and China's plan. Which do you think will be more effective? Why?

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.