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Wall Street Turmoil

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The financial crisis on Wall Street has triggered a global sell off in stock markets as the world watches the meltdown in American finance. It is a stunning collapse for at least two of the nation's most prominent and established institutions. Wall Street as we knew it is gone, and with it, tens of thousands of jobs. Workers are cleaning out their desks at Lehman Brothers after the investment bank filed for chapter eleven protection, the biggest bankruptcy filing ever. As many as 26,000 Lehman employees could be out of work. The meltdown came after a final round of frantic negotiations when the US government told Lehman there would be no bailout this time.

Henry Paulson, Treasury Secretary: "I never once considered that it was appropriate to put taxpayer money on the line in resolving Lehman Brothers."

Merrill Lynch was also wobbling and announced a surprise deal to sell itself to Bank of America for 50 billion dollars. The deal creates the nation's biggest bank, but could put thousands out of work. Lehman and Merrill are two of the oldest and most prominent financial institutions in the nation, but the companies crumbled under the pressure of bad mortgage investments, which led to hundreds of billions of dollars in losses. The selloff on the New York Stock Exchange began at the opening bell, but there was no panic and traders said the government made the right call.

Alan Valdes, NYSE floor trader: "Most people were glad to see the fed say we're not going to bail you out, go out and find your own."

The crisis ripples well beyond Wall Street. Insurance giant AIG is in danger of collapse and looking for a lifeline, and Washington Mutual Bank is warning of trouble. All this at a time when Americans rate the economy as their number one concern. It's not just big banks taking a hit. Anyone who owns stock likely lost money, too. The Dow Jones plunged more than 500 points. That's the biggest one day loss since just after the attacks of September 11th, and it's the 6th largest loss ever.

Analysts say investors got spooked by what happened to Lehman and Merrill Lynch, and they're also afraid of who might be next. The impact

could ripple down to you. A local 6 News economist says mid-Michigan investors might be impacted by this more than they think.

Patrick Anderson, Anderson Economic Group: "A lot of people aren't aware of how connected they are with these financial institutions. Nowadays we have roughly have of Americans who have replicate 401Ks and many of these are invested directly or indirectly through large financial institutions."

If you're worried about your investments, experts say you should contact your financial adviser. On the campaign trail, both candidates are responding to the situation on Wall Street. Democratic presidential nominee Barack Obama is blaming the crisis on the policies in Washington over the past eight years, and says GOP nominee John McCain subscribes to these same policies.

Barack Obama, (D) presidential nominee: "We just woke up to news of financial disaster."

He said the fundamentals of the economy are still strong. Senator McCain told a Florida crowd that he would actually replace the outdated system and would ensure that the nation will never face this situation again.



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