GLOBAL FINANCIAL CRISIS: RESPONSES TO STABILIZE ECONOMY

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Abstract

The Global Financial Crisis of 2007-2008, often known as the Great Recession, was one of the most catastrophic economic downturns in recent history. This research investigates the influence on major financial indicators, including stock market indices and the London Interbank Offered Rate (LIBOR). The crisis caused huge drops in global financial markets, including important indexes like the Dow Jones Industrial Average, S&P 500, and their overseas counterparts. Investor confidence dropped, leading to lower business investments and consumer spending, worsening the crisis. Simultaneously, LIBOR fluctuated dramatically as banks refused to lend, resulting in a credit liquidity crisis. To address the financial crisis, the United States government employed a variety of intervention tactics, including monetary policies, fiscal stimulus packages, and banking sector rescue initiatives. Measures like the Troubled Asset Relief Program (TARP) and the American Recovery and Reinvestment Act (ARRA) were critical in stabilizing markets and restoring economic confidence. The article also analyzes post-crisis regulatory initiatives, such as the Dodd-Frank Act, which try to prevent future financial crises. Despite early concerns and criticism, these steps helped to ensure the financial system's long-term recovery.

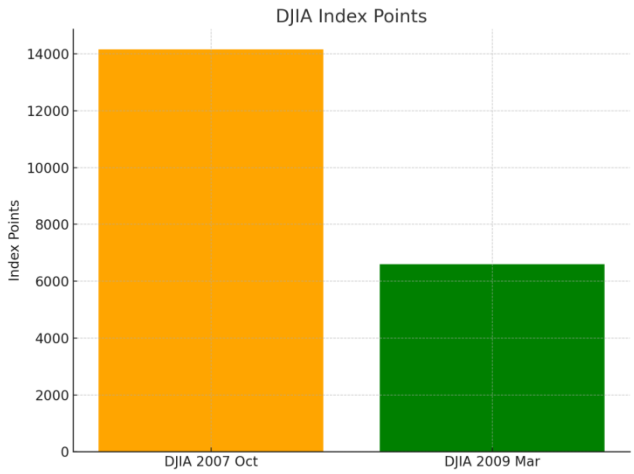
Keywords: Global Financial Crisis, Stock Market Decline, LIBOR Fluctuations , Monetary Policy, Fiscal Stimulus, TARP, ARRA, Financial Regulation

Introduction

After the Great Depression, the Financial crisis which occured in the late 2000s, also known as Great Recession, is considered to be one of the most serious economic declines in the history. This case affected the whole world, including such industrialised and developed countries as United States as well. The Financial Crisis had a very noticeable impact on many market indicators, mainly Stock Market Index and the London Interbank Offered Rate (LIBOR).

During the period of Financial Crisis, an essential indicator of the economy of finances , the Stock Market Index, experienced a dramatic decline. The Dow Jones Industrial Average(DJIA) and the S&P 500 are the well-known U.S stock market indexes, and both of them decreased remarkably during the Great Recession. In October 2007, DJIA(Graph 1) reached its high points of around 14,165 in the US stock market. However, in March 2009 , the DJIA experienced a sharp fall of roughly 6,594 points which means by 53.4%(Amadeo, 2019). Most of the big institutions faced the credit crisis which lead to the noticeable decline in the housing bubble burst. Furthermore, the investors confidents to the stock market dropped rapidly. Fluctuations in the stock market was initial signal for majority of investors and financial markets, and such volatility led the economic crisis to worsen by unconditionally depressing the funds and investments.

Graph 1



Global stock market also experienced similar decline. Admittedly, all financial markets across the worlds are connected to some extent, and the Financial Crisis had a worldwide affect on them. Especially, the U.S. financial system caused major shockwaves which were incredibly noticeable to the all interconnective financial markets. Additionally, some substantial markets in Asia, Europe and other developing countries declined as well(Board of Governors of the Federal Reserve System, 2020).

The financial crisis not only impacted key stock indexes in the United States, but it also caused huge declines in worldwide financial markets. Because economies are interconnected, investor confidence worsened globally, resulting in a significant drop in stock prices across several markets. In Europe, the FTSE 100 (United Kingdom), CAC 40 (France), and DAX 30 (Germany) all lost more than 40% between 2007 and 2009. Similarly, markets in Asia, such as the Nikkei 225 (Japan) and the Shanghai Composite Index (China), saw significant drops, owing mostly to lower exports and decreased industrial production.

One of the most direct implications of the stock market drop was a sharp reduction in business investment. As stock prices plunged, businesses struggled to acquire cash through equity markets, resulting in postponed expansion plans, employment freezes, and cost-cutting measures. Furthermore, because stock market performance is directly related to consumer confidence, falling indices resulted in lower consumer spending, exacerbating the economic crisis.

The crisis also exposed serious problems in the financial system, such as poor risk assessment methods, excessive leverage, and regulatory loopholes that allowed institutions to make high-risk bets without proper scrutiny. The fall of Lehman Brothers and the bailout of AIG, among other financial behemoths, highlighted the weaknesses in the global banking system. As stock prices continued to fall, governments and central banks were forced to intervene with extraordinary monetary and fiscal measures to keep financial markets stable.

Although stock markets finally recovered because to bold governmental interventions, the Great Recession had a long-term influence on financial rules. Governments throughout the world implemented tougher financial regulation, such as the Dodd-Frank Act in the United States, to promote more openness and accountability in financial markets, lowering the danger of a similar stock market crash in the future.

Discussion

The Global Financial Crisis (GFC) of 2007-2008 exposed serious flaws in financial markets, notably stock indexes and interbank lending rates. The collapse of the United States housing bubble sparked the crisis, resulting in large losses for financial institutions and the downfall of major banks like Lehman Brothers. Investor confidence plummeted, resulting in global stock market collapses, while the London Interbank Offered Rate (LIBOR) rose owing to a liquidity crunch in banking systems.

Governments responded with strong policies. The United States implemented the Troubled Asset Relief Program (TARP) to stabilize financial institutions and provided liquidity through the Federal Reserve's Quantitative Easing (QE) policy. Furthermore, the American Recovery and Reinvestment Act (ARRA) was passed to spur economic recovery through fiscal stimulation. Despite these initiatives, there have been complaints about their long-term efficacy, particularly considering moral hazard and growing national debt.

Regulatory measures, such as the Dodd-Frank Act, were intended to avoid future financial crises by enhancing transparency and lowering systemic risk. While these policies helped to stabilize the economy, there is ongoing disagreement over their effectiveness in averting future crises and guaranteeing long-term financial resilience.

Impact on LIBOR (London Interbank Offered Rate)

The standard interest rate among giant banks to lend minor banks , LIBOR, also experienced remarkable fluctuations over the period of financial crisis. For several decades, the LIBOR has an essential impact on the such financial services sector as mortgages, credit cards and education loans. Majority banks became unsure about the market condition , as there was a big chance for bankruptcy and the default in the market. Thus, several global banks hesitated to lend the money to interbanks which , meanwhile, led the interest rates to increase(McBride, 2020). Even though most of the central banks tried to keep liquidity in the sectors, the LIBOR rates(Graph 2) increased sharply in the U.S market, from 1.4% in the middle of 2007 to over 4.8% in October,2008 (Eikon, 2020). Borrowing prices climbed due to the rising LIBOR rates, making an already difficult economic situation even worse for individuals and business entities. The financial liquidity was substantially affected by the increase in the LIBOR, and this was followed by the severity of credit crisis as well.

During the crisis period, majority of banks misrepresented the market circumstances which lead further chaos in the LIBOR system. LIBOR’s fundamental strategies also experienced a markable changes which was caused because of its domination in the market(Financial Conduct Authority, 2017).

Graph2

The subsequent connection between financial market sectors and their dependency to each other was really crucial , as one sector can affect heavily to the whole market. Several global market-related issues , financial recession and corporate failures urged the Stock Indexes and LIBOR to consider about the importance of stability of the market more deeply(Bernanke, 2015).

In order to mitigate the financial crisis which was the biggest concern in the while global economy, The U.S. initiated the projects and took sustainable steps to keep the stability of the financial market. The U.S. developed several comprehensive structures for the positive restoration of Stock Market Index and LIBOR. During a stock market decline and a rise in LIBOR rates, signaling a lack of faith in the interbank lending market, the U.S. administration acknowledged the pressing need for extensive actions to avoid a complete economic breakdown. There are many ways to classify the United States government's market intervention attempts; they include fiscal policy measures, monetary policy initiatives, and rescue programmes designed to stabilise the economy and financial sector. In addition to reducing the crisis's immediate effects, each of these initiatives aimed to set the stage for sustained improvement and security over the long-term period.

The steep increase in LIBOR during the financial crisis has far-reaching effects for both financial institutions and individual borrowers. As banks grew more unwilling to lend to one another due to higher credit concerns, business and consumer borrowing costs rose dramatically. Many firms struggled to get short-term loans needed for day-to-day operations, resulting in widespread financial difficulty and bankruptcy. Similarly, individual borrowers with adjustable-rate mortgages saw their interest payments rise, aggravating the already dire housing situation.

One of the most pressing worries during the LIBOR increase was the systemic danger presented by liquidity shortages. Large banks, fearing collapse, began hoarding cash rather than lending, severely limiting credit availability in the global financial system. The credit crisis caused a significant downturn in economic activity, with falling investments and employment losses across numerous industries. The shortage of liquidity and increasing LIBOR rates compelled regulators to take exceptional steps to restore trust in the financial system.

To solve liquidity problems, governments and central banks throughout the world implemented forceful monetary interventions. The Federal Reserve, Bank of England, and European Central Bank worked together to pump cash into financial institutions, decrease interest rates, and offer emergency lending facilities. One of the most notable solutions was the establishment of swap lines between central banks, which allowed them to trade currencies while stabilizing the global financial system. In addition, the United States government used the Troubled Asset Relief Program (TARP) to infuse direct capital into large financial institutions, preventing interbank lending from collapsing completely.

Following the crisis, the LIBOR manipulation scandal surfaced, exposing that some big banks had inaccurately misrepresented their borrowing costs in order to preserve a sense of stability. This resulted in sweeping financial sector changes, including the move from LIBOR to alternative benchmarks such as SOFR (Secured Overnight Financing Rate), which improved transparency and reduced systemic risks in financial markets.

Monitory Policy Initiatives

The Federal Reserve, the U.S. central Bank, applied some new monitory policy measurements during the Financial Crisis period. Admittedly, Board of Directors of the Federal Reserve System (2020) mentions that one of the crucial steps was to make rate of federal funds more accessible by reducing the rates from 5.25% in the fourth quarter of 2007 to minimum of 0-0.25% in December 2008 which was the lowest rate in the history of the Federal Reserve. By launching this initiative, the U.S. Central Bank aimed at increasing the money transactions, spendings and investments in the nation , which simultaneously motivated corporations and individuals to borrow more money due to low rates. The Federal Reserve bought the vast number of mortgage-backed securities and banknotes by using Quantitative Easing(QE) program in order to improve the liquidity of the financial markets (Bernanke, 2015). Thanks to such measure, step-by-step , the markets started to gain confidence again.

In addition to decreasing interest rates and launching the Quantitative Easing (QE) program, the Federal Reserve implemented a number of additional monetary policy instruments to help stabilize the financial system. One major tool was the Term Auction Facility (TAF), which allowed banks to borrow cash at reduced interest rates by utilizing collateral, so alleviating liquidity strains in the banking industry. This initiative was designed to boost lending and keep the acute credit constraint from deepening.

Furthermore, the Federal Reserve entered into currency exchange arrangements with other central banks, including the European Central Bank, Bank of England, and Bank of Japan, to assure US dollar liquidity in international markets. These agreements were critical in averting the collapse of international financial activities, since many institutions throughout the world suffered significant dollar shortages.

To help calm financial markets, the Federal Reserve extended emergency credit lines to non-traditional financial institutions such as investment banks and insurance firms, representing an unprecedented extension of its lending capacity. The Fed's strong actions were designed not only to restore confidence in the economy, but also to lay the basis for long-term recovery. Low interest rates, asset purchases, and emergency finance all contributed to avoiding a wider economic collapse and paving the way for financial stability.

Fiscal Policy Measures

Several essential measurements were implemented by the U.S. Congress to stimulate the economic situation and aid the most affected sectors due to the Economic Recession. One of these steps was the American Recovery and Reinvestment Act (ARRA) in 2009, and this fiscal stimulus program cost amounted to $787 billion Recovery.gov (2020). There were reductions in taxations , benefits for jobless community, and new initiatives for education, healthcare, infrastructure which were major industries benefited with the help of ARRA program during the Crisis period. The main purpose of this stimulus package program was to help the community and industries which were severely affected , and provide them with economic sustainability in a long run.

Aside from direct financial aid, the American Recovery and Reinvestment Act (ARRA) contains measures to help small companies and energy programs. A component of the stimulus package went toward loan guarantees and assistance for small firms, allowing them to continue operations and retain personnel amid the economic crisis. Furthermore, green energy initiatives were prioritized, with monies going toward renewable energy projects, energy efficiency improvements, and updating the country's power system.

Infrastructure expenditure was critical for employment growth, including investments in transportation, public works, and technological development. The administration intended to restore trust in the economy by allocating cash to initiatives with long-term economic advantages. While the success of ARRA has been contested, many economists believe that the stimulus package helped avert a deeper recession, boosted consumer spending, and provided the groundwork for slow economic recovery in the post-crisis period.

Financial Sector Rescue Programs

The majority banks which owned toxic assets started to suffer severely from the Global Crisis, and the U.S. government launched the Trouble Asset Relief Program (TARP) in October 2008 in order to mitigate the case. The Program was dedicated to purchase the toxic assets from suffering large financial institutions , and give cash to them in order to prevent them from potential bankruptcy. Initially, $700 billion was authorised for the TARP (U.S. Department of the Treasury, 2020). In order to improve the confidence of the individuals in the banks and financial systems , the Federal Deposit Insurance Corporation (FDIC) employed strategies of backing up several major bank debt (FDIC, 2009).

In addition to acquiring toxic assets, TARP set funds directly into large financial institutions, rescuing banks on the verge of collapse. This method, known as the Capital Purchase Program (CPP), sought to restore liquidity and increase lending to firms and individuals. Furthermore, TARP monies were eventually extended to automakers like General Motors and Chrysler, averting additional job losses in the industrial sector. Although contentious, these actions were credited with avoiding a major financial crisis and establishing the framework for economic recovery, with many banks repaying their TARP funding after financial stability was restored.

Regulatory Reforms

The U.S. government took a number of essential steps to prevent the financial system from the future possible crises. For instance, in July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act launched financial introduction of Consumer Financial Protection Bureau (CFPB) which provided the most suffered banks with liquidity assets. The purpose of this financial regulation was to reduce the major financial institution's dependency on taxpayers fund(Pub.L. 111–203).

Notably, the Federal Government of the United States launched the vast number of regulations so as to mitigate the severe impact of the financial crisis on the economy and financial markets. As aforementioned, the American Recovery and Reinvestment Act (ARRA) and the Troubled Asset Relief Program (TARP) were two major and effective governmental rescue efforts among the other rescue efforts initiated by the U.S Government. In the history of the Global Recession, these two programs played an essential role to stabilize the market.

In addition to Dodd-Frank, additional banking stress tests were implemented to determine financial institutions' ability to weather future economic downturns. The Volcker Rule, a fundamental feature of Dodd-Frank, sought to prevent banks from engaging in hazardous speculative trading with consumer deposits, therefore decreasing systemic risk. Furthermore, greater capital requirements were placed on banks to guarantee that they had enough reserves to absorb any losses. These measures sought to improve transparency, protect consumers, and restore trust in financial markets. While some criticized the measures for being unduly restrictive, they played an important role in increasing the resilience of the US financial sector.

Troubled Asset Relief Program (TARP)

The U.S. Government implemented the Trouble Asset Relief Program (TARP) which was built in order to relieve the financial pressure of several sectors in the market, and this program was built by the Emergency Economic Stabilisation Act in 2008 . By implementing the TARP, the Governs aimed at buying toxic assets from major banks , and give them cash in hand straight in order to help them to maintain their liquidity in a more substantial position(U.S. Department of the Treasury, 2020). By implementing this program, automotive companies, insurance businesses and banks were provided with direct capitals in order to restore the liquidity. An initial funding of $700 billion was authorised for the TARP, however, the fund was reduced to $475 billion by the Dodd-Frank Wall Street Reform and Consumer Protection Act (U.S. Department of the Treasury, 2020). This program had a significant impact on stopping the further widespread reduction in banking industry and other big financial entities.

TARP did more than only stabilize financial institutions; it also helped to restore market confidence by proving the government's commitment to averting a total economic catastrophe. The initiative not only addressed liquidity shortages, but also helped to unfreeze credit markets, allowing firms and households to obtain loans again. Furthermore, the Home manageable Modification Program (HAMP) was established under TARP to help struggling homeowners avoid foreclosure by granting loan modifications to make mortgage payments more manageable.

TARP was first viewed with suspicion, but many economists believe it was a necessary action to avert a larger financial crisis. The majority of the bailout money were eventually repaid, and the government even made a little profit on certain investments. However, the initiative raised disputes over moral hazard, with some opponents claiming it fostered irresponsible behavior among financial organizations. Despite its difficulties, TARP remains one of the most important financial interventions in American history, influencing future economic crisis management measures.

American Recovery and Reinvestment Act (ARRA)

During the Great Recession, the American Recovery and Reinvestment Act (ARRA) was a noticeable measurement of its time. This stimulus program was signed by the President Barack Obama on February 17,2009. The program worth amounted to $787 billion which was used to implement the tax cut, unemployment incentives and alternative energy power initiatives. The ARRA program was cited as the single biggest economy effort in the whole U.S. history(Recovery.gov, 2020). The long-term goal of the ARRA was to set feasible regulatory framework in the economy system, and it was also dedicated to open new job opportunities for the society in order to decrease the ever-growing unemployment rate. In addition to tax cuts and unemployment benefits, the ARRA provided major money for infrastructure projects such as road building, public transit enhancements, and school renovations, which resulted in thousands of new jobs around the country. The program also prioritized expenditures in scientific research, healthcare modernization, and broadband expansion with the goal of promoting long-term economic development and technical innovation.

Another important aspect of ARRA was its assistance to state and local governments, who were experiencing significant budget deficits owing to decreased tax receipts. By giving financial assistance to these governments, the initiative helped to avoid significant layoffs of public sector personnel like as teachers, police officers, and healthcare staff.

Despite early criticism, further research indicated that ARRA performed a critical role in stabilizing the economy, increasing GDP, and avoiding a longer recession. While questions about its effectiveness continue, ARRA remains one of the most ambitious fiscal stimulus programs ever deployed, influencing future economic recovery efforts.

Effectiveness of TARP (Troubled Asset Relief Program)

The effectiveness level of TARP has been in the circle of several major debates among economist, government bodies and the public. Critics consider that all the measurements were taken for the cost of taxpayer’s fund, and therefore the CEOs of most of the big companies did not take the responsibility of the whole community effectively. Additionally, they confidently gave the fund to those giant companies, as they were considered as „too big to fail”(Barofsky, 2012). Furthermore, some other critics pointed out that such big investment fund program did a very little in the housing industry , which made the whole society to suffer heavily from this for the next several decades.

On the other hand, the vast number of investigations have shown that the TARP took several important steps in financial sectors. In 2010, the majority part of funds were reimbursed and recovered. The initial allocation cost was lower than the funds which were reimbursed by the institution, making up $11 billion profit at the end (Congressional Budget Office, 2019). The TARP saved approximately 1 million jobs and prevented banks from more severe system collapse which certainly were the big step to prevent the U.S. economy from the possible further recession.

Beyond the banking industry, TARP had a larger influence on rebuilding trust in the US economy. The program's deployment reassured investors and worldwide markets that the US government was dedicated to stabilizing the financial system, so preventing additional panic and stock market falls. This indirect effect was critical in avoiding an extended economic slowdown by ensuring that banks had enough capital to continue lending to firms and consumers.

Despite its achievements, TARP remained contentious, with many detractors claiming that it did not adequately address the foreclosure issue. While the program was designed to help financial institutions, millions of American homeowners continued to experience mortgage defaults, resulting in enormous asset losses and long-term economic suffering. The Home Affordable Modification Program (HAMP) was created as a supplementary program to help homeowners, but its efficacy was restricted owing to strict qualifying restrictions and poor implementation.

Another major source of contention was the perceived unfairness of bailouts, with many claiming that the government's action benefitted Wall Street more than Main Street. The idea of "moral hazard" became a prominent worry, with opponents fearing that bailing out failed financial firms would promote excessive risk-taking in the future.

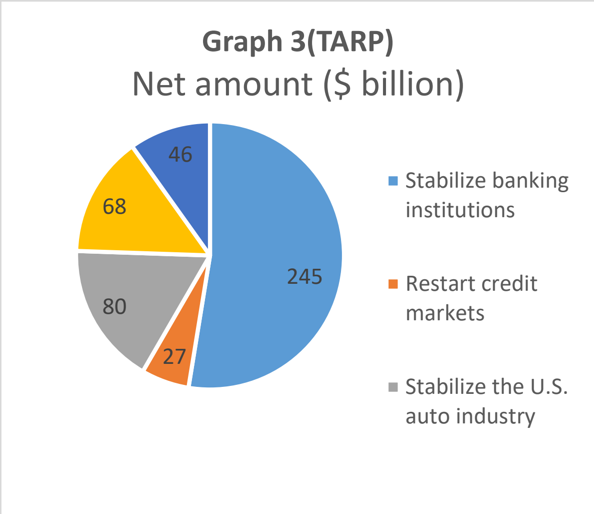
Nonetheless, in retrospect, TARP is largely recognized for avoiding a catastrophic financial collapse, and the majority of the monies were subsequently returned. The initiative established a precedent for future crisis management by emphasizing the advantages and disadvantages of large-scale government intervention in financial markets.

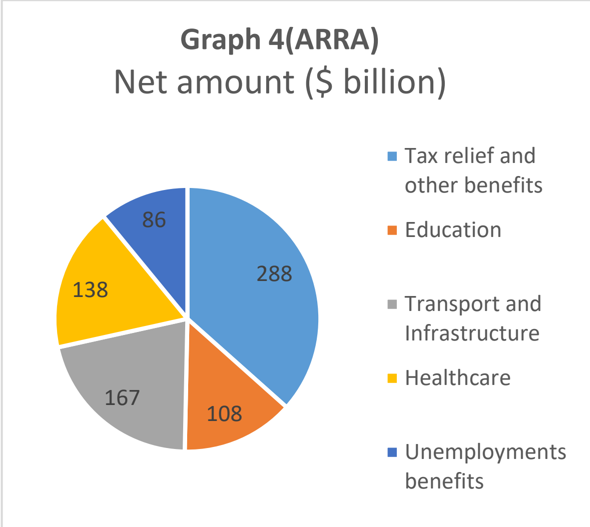
Effectiveness of ARRA (American Recovery and Reinvestment Act)

The efficacy of the American Recovery and Reinvestment Act (ARRA) on the economy of the U.S. was discussed widely. Supporters of the ARRA program note that it was considerably helpful to reduce the unemployment rates, increase the education quality and expand the healthcare. Notably, implementation of this program caused the noticeable increase in GDP which amounted to roughly 2.3% (Council of Economic Advisers, 2014).

Contrarily, Critics claim that ARRA program was ineffective due to several complaints of small businesses about the loans, and many suggests that the funds could have been spent in a more effective way(Taylor, 2011). However, since number speak louder as a proof, the economists and politicians consider that ARRA was one of the most efficient rescue efforts.

In general, both TARP and ARRA were vital implementations and programs during the financial crisis with its considerable contribution to the economy growth of the U.S. market. Even though both programs have its critics , TARP was initiated to improve the financial system, while ARRA was dedicated to increase economic recovery after Great Recession. Comparing the fund management of TARP(Graph 3) and ARRA(Graph 4), the funds were directed logically and professionally by targeting the all the struggling sectors during the crisis period.





The article of „The Global Financial Crisis: What Have We Learned?" by Ray Ball , in the Journal of Applied Corporate Finance, describes the analysis of financial fluctuations during the Great Recession period of 2007 and 2008 years. The article analyzes the contributors of the crisis, the effects on the financial institutions and financial market sectors. Ball's analysis of governmental bodies reaction to the crisis was also important part of the article to understand the regulatory implementations od that period. It also mentions the researchers, economists that took several essential steps against potential further disruptions in the economy market.

According to researches of Ball(2009), the ineffective corporate governance frameworks and wrongly-applied risk management strategies in several big financial entities had the contribution to the Global Crisis to some extent. The author cites that EMH(Efficient Market Hypothesis) fails were not main reasons. However, the main reasons of the Global Recession were the negligence of governmental principles in introducing new financial ideas which were not completely understood by the society ,and therefore it led the misuses, misconsumptions and chaos in the financial services. In conclusion, Ball(2009) analyzes market efficiency's impact on investments and regulatory actions, while summarizing the general effects of EMH(Efficient Market Hypothesis) on financial crisis.

ARRA was intended to stimulate the economy, but its short- and long-term consequences are still debated. Supporters say that the legislation avoided a deeper recession by pouring funding into essential areas like as infrastructure, education, and healthcare, resulting in millions of new employment. The Congressional Budget Office (CBO) estimates that the ARRA saved or created nearly 2.5 million jobs between 2009 and 2011, dramatically lowering the unemployment rate relative to forecasts without government involvement. Tax cuts and direct financial support to states also helped to stabilize consumer spending, a major driver of economic recovery.

In addition to increasing jobs, ARRA had a revolutionary effect on the energy industry. The act provided major funding for renewable energy projects, energy efficiency improvements, and research into sustainable technology. This investment paved the way for the expansion of the solar and wind power sectors in the United States, lowering reliance on fossil fuels and encouraging long-term economic sustainability.

Despite these gains, opponents claim that ARRA was not as successful as expected. One of the most common concerns was the sluggish distribution of cash, which reduced the immediate impact on economic recovery. Many infrastructure projects take years to begin owing to bureaucratic barriers, delaying the anticipated stimulus benefits. Furthermore, small enterprises frequently encountered difficulty in obtaining loans, as banks were unwilling to lend despite the availability of government-backed funding.

Another major argument against ARRA was its cost-effectiveness. Some opponents argue that the stimulus program was excessively substantial, increasing national debt greatly without yielding corresponding economic advantages. Others argue that a more focused strategy, such as direct assistance to small firms and middle-class people, would have delivered greater outcomes. Despite these concerns, most economists agree that ARRA was important in stabilizing the economy and averting the Great Recession from becoming a long-term slump.

In retrospect, ARRA and TARP represented two complimentary approaches to economic recovery: one aimed to stabilize financial institutions and credit markets, while the other emphasized job creation, consumer spending, and long-term economic investments. The efficiency of these initiatives is still being studied, but their influence on post-crisis economic policy and banking rules is apparent.

Conclusion

The Global Financial Crisis of 2007-2008 exposed major weaknesses in financial systems throughout the world, resulting in a dramatic decrease in stock markets, interruptions in interbank lending, and a collapse in investor confidence. To avoid a deeper economic downturn, governments and central banks adopted strong measures such as monetary policy modifications, fiscal stimulus packages, and financial rescue operations. The Troubled Asset Relief Program (TARP) and the American Recovery and Reinvestment Act (ARRA) were instrumental in stabilizing financial institutions and promoting economic development.

Despite these initiatives, arguments over their long-term efficacy persist, notably around moral hazard and mounting public debt. The crisis also prompted regulatory measures like the Dodd-Frank Act, which intended to improve financial supervision and prevent future disasters. While these steps helped to spur economic recovery, the crisis highlighted the importance of ongoing financial regulation, competent risk management, and global collaboration in ensuring financial stability.

The lessons from the crisis emphasize the significance of proactive policy responses and strong regulatory frameworks in mitigating future economic shocks. Moving forward, preserving openness and building financial resilience will be important to guaranteeing stability in an increasingly linked global economy.

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