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Great Depression 2.0?

By admin

It's been a long and volatile quarter in the financial world. Markets are taking most investors on a wild and sometimes frightening ride, the news about corporate failures and bailouts is confusing and the economic news is almost certainly disheartening.

As some in the media eagerly seek to assign blame for the current stock market turmoil, others are predicting a global doom reminiscent of the 1930s.

Despite the media's best efforts to draw comparisons between today and the Great Depression, there are **KEY facts that often get overlooked**.

The Great Depression of the 1930s was not the direct result of the 1929 stock market crash, but **a failure of US government policy**. After the crash of 1929, and the bank failures that followed, the US **government tightened lending** and enacted **protectionist regulations** that eventually resulted in a worldwide global recession.

In the middle of today's economic turmoil sits the one man who has studied the Great Depression more than anyone else alive and he is now in a position to **help ensure that the US Government does not repeat the critical errors** made by the leaders of the 1930s.

[Federal Reserve Chairman Ben Bernanke \[1\]](#), regarded as a leading scholar on the Great Depression, is working with a team of people who are using every method possible to relieve the financial stresses now crippling the world economy - as evidenced by interest rates cuts and the **\$700 Billion bailout package** recently passed by the US Congress. In the past month, all G7 leaders have taken unprecedented steps to **repair the global credit crisis** that precipitated the recent stock market declines.

The last time stock prices experienced this level of volatility was back in the early 1970s. During this time, [legendary investor Warren Buffett \[2\]](#) was busy buying companies at prices that were simply 'too cheap to stay low'. Another legendary investor with decades of experience as an investment manager, the late Sir John Templeton, explained that his primary secret for long term investment success was to 'buy stocks when everyone was selling and sell stocks when everyone was buying'.

If you have unanswered questions about the best investment strategy during these uncertain times, please don't hesitate to contact our office. We are here to serve you.

Need help with investment planning?

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