



Written by [Gary Benoit](#) on November 21, 2008

## Bailout Bill Did Not Stop Stock-market Slide

The bailout package was passed four days later. But what has happened to the stock market since then?

On October 3, the day the House passed the Emergency Economic Stabilization Act of 2008 and President Bush promptly signed it into law, the Dow Jones Industrial Average closed at 10,325, the Nasdaq at 1947, and the S&P 500 at 1099. In the weeks since, however, the Dow has declined more than 25 percent to around 7,500, the Nasdaq 32 percent to approximately 1,300, and the S&P 500 over 30 percent, to about 750.



Moreover, there is more trouble on the horizon. Commercial real estate appears likely to be the next shoe to fall, as the *Washington Post* reported November 21:

Fears about rising default rates and declining property values, which engulfed the home mortgage market at the start of the credit crisis, are spreading to the commercial real estate market, hammering the value of bonds backed by loans made to office buildings, shopping centers and apartment complexes.

With the slowing economy threatening the health of commercial borrowers, investors are wary of scooping up the bonds, even though some cash-strapped banks, hedge funds and money managers are willing to part with them at steep discounts.

Add to this the probable failure of financial and banking titan Citigroup — whose stock has fallen below \$4 dollars a share from a high above \$30 as recently as last December — as well as the likely bankruptcy of all of the Big Three auto companies, with or without a government bailout, and the financial crisis looks far from over.

In such a context, the massive government bailout is looking more and more like what its detractors claimed it to be from the get-go — a bloated corporate welfare package that would do nothing to stave off financial and economic catastrophe.



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