

# 'US economy was close to collapse'

**T**he US economy came "very close" to collapsing into a second Great Depression and the government had no alternative to bailing out financial firms, former Treasury Secretary **Henry Paulson** said.

"There was a time when the credit markets had essentially frozen and when blue-chip industrial companies were having trouble raising money," Paulson said in an interview on Tuesday. "I knew then we were on the brink."

"We easily could have had unemployment of 20%," he said. "That would have meant millions of more jobs lost, millions of additional homes lost, trillions more lost in savings. It would have been terrible."

Paulson, who has just published his memoir, *On The Brink*, said he understands the criticisms of the bailouts of financial institutions such



as Bear Stearns and AIG.

"In this country, none of us like bailouts," he said. "I hated the things we had to do. But they were far better than the alternative."

The former secretary said it was harder for policy makers and legislators to deal with the crisis, which deepened after Lehman Brothers filed for bankruptcy in September 2008, because it came just before the election. **BLOOMBERG**