



G7 endorses plan to stem financial crisis

Statement: 'The current situation calls for urgent and exceptional action'

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WASHINGTON - Finance officials from the world's top economic powers endorsed a sweeping plan Friday to stem the worst financial crisis in more than a half-century.

The officials from the Group of Seven countries issued a five-point plan aimed at reversing a credit crisis that has unhinged Wall Street and markets around the globe. They pledged to take "decisive action and use all available tools."

Under the plan, the countries vowed to protect major banks and to prevent their failure. They also committed to working to get credit flowing more freely again, support the efforts of banks to raise money from both public and private sources, bolster deposit insurance and revive the battered mortgage financing market.

"The current situation calls for urgent and exceptional action," the G7 finance ministers said in a joint statement.

To that end, Treasury Secretary Henry Paulson said the U.S. government will move ahead with a plan to buy stock in financial institutions. The Bush administration received authority to make direct purchases of stock in banks in the \$700 billion financial rescue bill Congress passed last week.

Paulson and Federal Reserve Chairman Ben Bernanke met with their counterparts from the world's six other richest countries as the rout of financial markets sped ahead in the face of dramatic rescue efforts in the U.S. and abroad.

Besides the United States, the G7 countries are Japan, Germany, Britain, France, Italy and Canada.

Aside from the important details on bank stock purchases that Paulson offered, the finance officials did not provide specifics beyond their sweeping five-point framework.

"The actions should be taken in ways that protect taxpayers and avoid potentially damaging effects on the countries," the finance officials said.

Fear has tightened its grip on investors worldwide even as the United States and other countries have taken a series of radical actions including unprecedented coordinated interest rate cuts by the Federal Reserve and other major central banks.

On Wall Street, the Dow Jones industrials, already down 21 percent for the week, dropped nearly 700 points more in the opening minutes of trading but made up much of that fresh loss in the last hour. The index closed 128 points lower for its worst week ever. Stock markets in Europe and Asia also took another plunge.

"Never has it been more essential to find collective solutions to ensure stable and efficient financial markets and restore the health of the world economy," Paulson said.

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