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Internal Assessment for ECO-401
(Macro economics - II)

A SUMMARY OF THE DOCUMENTARY FILM - INSIDE JOB.

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Inside job provides a comprehensive analysis of the global financial crisis of 2008, which at a cost over 200 trillion, caused millions of people to lose their jobs and homes In the worst recession since the great depression and nearly resulted in a global financial collapse. Through exhaustive research and extensive Interviews with the key financial Insiders, politicians, Journalists and academics, the film traces the rise of a rogue Industry which has corrupted political, regulation, and academia. It was made on location In the United state, Iceland, England, France, Singapore and China.

The global financial meltdown that took place In fall 2008 ~~Caused~~ costs millions of Jobs and home losses and plunged the United State Into a deep economic recession. ~~Matt Damon narrates~~ a documentary that provides a detailed eximination of the elements that ~~lead~~ led to the collapse and identifies key financial and political players. Director

Charles Ferguson conducts a wide range of Interviews and traces the story from the United states to China to Iceland to several other global financial hot spots.

Narrated by Matt Damon, Inside job is the first film to expose the shaking truth behind the economic crisis of 2008. The global financial meltdown, at a cost of over 20 trillion, resulted in millions of people losing their homes and jobs. Through extensive research and Interviews with major financial insiders, politicians and journalists Inside job traces the rise of a rogue Industry and unveils the corrosive relationship which have corrupted politics, regulation and acedemia.

The subject of the film is repetitive

The Subject of Inside job is the global financial crisis of 2008. It features research and extensive Interviews with financiers, politicians, Journalists and academics. The film follows a narrative that is spilt into five parts.

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The film focuses on Changes in the financial Industry in the decade leading up to the crisis, the political movement toward deregulation and how the development of complex trading such as the derivatives market allowed for large Increase in risk taking the discumverted older regulation that were Intended to Control systemic risk. In describing the crisis as it unfolded, the film also looks at Confict or properly disclosed. The film Suggests that these Conflicts of Interest affected credit rating agencies as well as academics who receive funding as ~~consultatio~~ Consultants but do not disclose this Information In their academic writing, and that these Conflicts played a role in obsuring and exacerbating the crisis.

A major theme is the pressure from the financial industry on the political process to avoid regulation, and the ways that it is created. One Conflict discussed is the prevalence of the revolving door, whereby financial regulations can be hired within the financial sector upon leaving government and make millions.

Within the derivatives market, the contends that the high risk that began with subprime lending where transferred to questionable rating practices, falsely believed that the investments were safe. Thus, lenders were pushed to sign up mortgages without regard to risk or even favoring higher interest rate loans, since once these mortgages were packaged together, the risk was disguised. According to the film, the resulting products would often have AAA ratings, equal to U.S government bonds. The products could then be used even by investors such as retirement funds who are required to limit themselves to the safest investments.

Another point is the high pay in the financial Industry and how it has grown in recent decades out of proportion to the rest of the economy. Even at the banks that failed, the film shows how bank executive were making hundreds of millions of dollars In the period Immediately up to the crisis, all of which was kept again suggesting that the risk / benefit balance has been broken.

One topic which few others have addressed is the role of academia in the crisis. Freguson notes, for example, that Harvard University ~~economy~~ economist, and former Head of the ~~Cou~~ council of Economic Advisers under President Ronald Reagan, Martin Feldstein, was a director of the Insurance company AIG and former board member of the Investment bank J.P. Morgan.

Ferguson also notes that many of the leading professors and leading faculty members of the economics and business school establishments often derive large proportions of their incomes from either engaging as consultants or speaking engagements for example, curren dean of the Columbia business school, Glenn Hubbard receive a large percentage of his annual Income from either acting as a consultant or thorough speaking engagements. Hubbard was also affiliated with KKR and Blackrock financial. Hubbard as well as curren chair of Harvard's department of economics, John Y. Campbell, deny the existence of any Conflict of Interest between academia and the banking sector.

The film ends by contending that despite recent financial regulation the underlying system has not changed; rather the remaining banks are only bigger, while all the single top executive has been prosecuted for their role in the global financial meltdown.