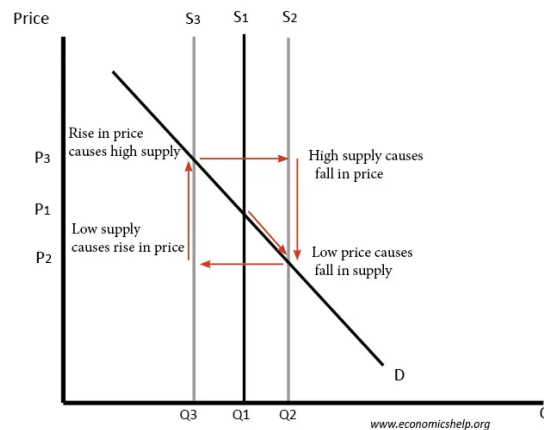


**Seminar week 17**  
 Week 15- Lecture 15  
 Money and World Politics  
 Saadia Gardezi

*Most macroeconomists work with what they call "equilibrium models" - the idea is that a modern market economy is fundamentally stable. That is not to say nothing ever changes but it grows in a steady way.*



*Why do financial crises happen?*

*Are such crisis endogenous or exogenous?*

- *Financial crises as endogenous, 'inexcusable' problems resulting from policy failures, moral hazard and favouritism?*
- *In contrast, non-financial crises could be seen as 'excusable' events, triggered by exogenous shocks (e.g. oil prices, wars).*

*How is the 2008 financial crisis linked to the political situation we find ourselves in today?*



**What was it that made the Golden Age exceptional?**

David Harvey's explanation: [https://www.youtube.com/watch?v=qOP2V\\_np2c0](https://www.youtube.com/watch?v=qOP2V_np2c0)

**What is the other side of "The Golden Age"?**

“Even within the post-war global North, large racialized underclasses suffered a precarity exacerbated by racist laws and cultural norms, and their cheapened labour produced the commodified accoutrements, privileges and luxuries of the middle-class, non-precious existence. But, even within the white Northern middle class, life was far from non-precious. For queer folk, life, love and physical and mental health were extremely precarious, under threat at all times from a conservative culture that based its stability (nonprecariousness) on repression and oppression. Likewise, women paid the price for post-war non-preciousness, compelled to provide free reproductive labour in the home, which was the sine qua non and ultimate cultural referent for stability, and denied access to most occupations and ways of being.”

*Max Haiven’s book ‘Cultures of Financialisation’*

**Is finance functional to the real economy?**

- Are you lives more financialised than your parents?
- Securitisation: “Securitization” names the process of breaking up and re-bundling assets into new securities, so as to realise future payment flows in the present and pass on the risk of default to a third party.
- *For example, in December 2017, the Department for Education completed its first sale of securitised student loans to private investors:*

**Figure 12**

Overview of the securitisation process

The issuer buys the loans of the Department for Education and converts the cash flows into securities for a sale to investors

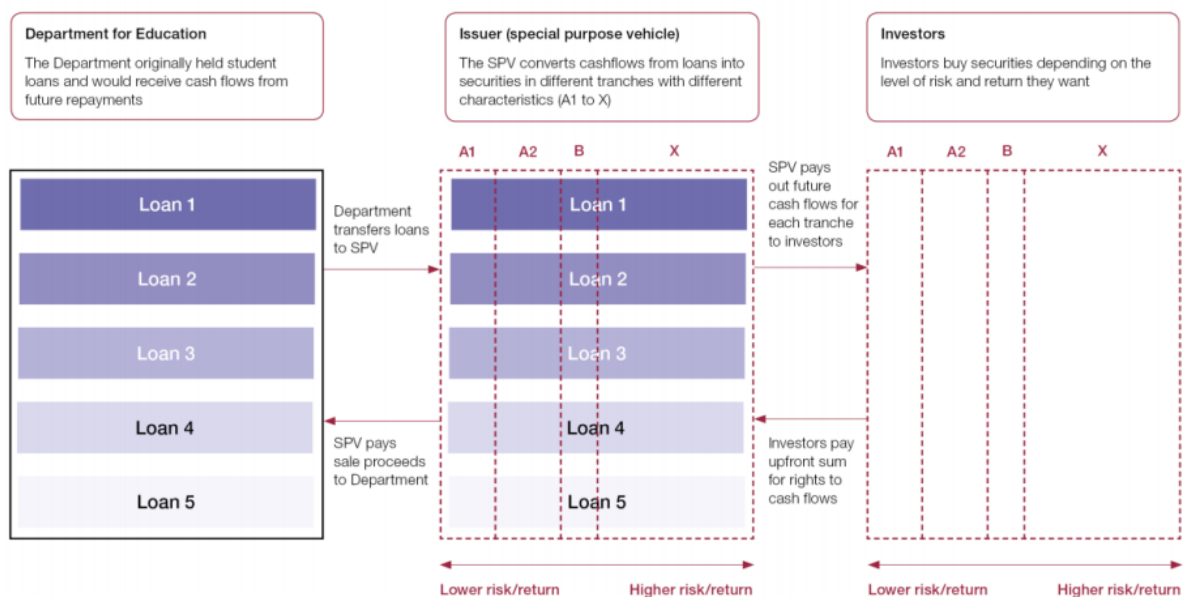


Figure available from: <https://www.nao.org.uk/report/the-sale-of-student-loans/>

*Who is benefitting from the student loans?*

**Presentation next week:** *To what extent is the IMF essential to the world’s economy?*