**PREP (RWS 15): Financial Markets and Banking**

**IT IS VITAL THAT YOU READ ALL THE INSTRUCTIONS CAREFULLY BELOW OTHERWISE YOU WILL GET LOST**

Please remember with this homework, that it is quite hard and so I am challenging you to try and understand the causes of the financial crash. If you are confused still, do not worry as we will be using class time to reinforce the basics. And the purpose of this homework is almost to create more questions for you than answers!! At the end of the day, you will not be expected to give a detailed account of the financial crash but I think (a) it is interesting and (b) will help you with the wider context of the financial markets and why things can go wrong! This will then help you with writing essays!!

**TASK**

Create two mind maps/notes on the following areas. Should be 2 sides of A4 in total (DOES NOT NEED TO BE WORD PROCESSED!)

**(1) Causes of the financial crash of 2007 to 2008 – MAX OF 1 SIDE OF A4 (1.5 HOURS)**

**COMPULSORY:** Watch these videos to help

1. Money and Finance: <https://www.youtube.com/watch?v=Dugn51K_6WA> (10 minutes)
2. Financial Crisis 2008: <https://www.youtube.com/watch?v=GPOv72Awo68> (10 minutes)
3. What is the credit crisis? <https://www.youtube.com/watch?v=Q-zp5Mb7FV0> (10 minutes)

Although there are only 30 minutes of videos and I am asking you to spend 1.5 hours on this, you might need to do extra internet research or re-watch the videos above as there are some quite hard concepts to TRY and understand. Do not stress if you still do not fully understand it at the end of your 90 minutes but I want you to at least have a go (and to write down some notes). Perhaps your notes are more of a series of questions that come about as a result of your research!?

**EXTENSION:** If you have some free, time, watch *‘The Big Short’* which is available on Netflix and Amazon Prime. If you do not have either of these, then you might be able to stream it from the internet but you might have to pay.

1. The Big Short (2015): Here is the trailer (<https://www.youtube.com/watch?v=vgqG3ITMv1Q>) but if you can watch the film, it would help.
2. The Big Short explained: <https://www.youtube.com/watch?v=csQUNX-xnBc> (10 minutes) – watch this after the film….a good summary!

**EXTENSION EXTENSION:** Another great movie starring Kevin Spacey is ‘Margin Call’….again, this is extra but I think a useful time spent on a Friday night! Watch it with your parents and get a debate going!

**(2) Effects of the financial crash of 2008 – MAX 1 SIDE OF A4 (1.5 HOURS)**

Watch this documentary once (look at questions below before watching so you can take notes as you go.

*DISPATCHES: How the Banks Won (2010):* [*https://topdocumentaryfilms.com/how-banks-won/*](https://topdocumentaryfilms.com/how-banks-won/) *(45 minutes)*

For the remainder of your time, use the internet to research the following areas which I have identified as key issues in the Global economy. I am expecting you to use Google to research these areas and get some context. You do not need to be experts by the end of this process but it would help if you were able to talk about these areas briefly. Be inventive with your internet searching. Put search commands into parentheses (“ “) as this can often zero you in on specific text on websites. Don’t just rely on Google, also look at newspaper websites.

1. **Economic growth recessions and jobs lost –** what does the International Labour Organisation predict about the number of job losses? Remember to quote your source when you find a statistic. What has been the effect on developed v developing countries?
2. **Banking Industry:** Although they caused the crash with their derivative dealings, how have the banks fared after the crisis? Investigate the Lehman Brothers and other banks….such as HSBC, Barclays etc. Documentary above might help you here!
3. **Fiscal position of countries most affected like the US and UK?** Maybe search for ‘bail outs’ and get stats on the national debt of these countries from 2007 until today? Who was balied out and by how much money?
4. **Eurozone Crisis (sometimes called the European Debt Crisis) of 2009 (until today?).** Can you provide, in a nutshell, what the crisis was and how it was connected to the global financial crash or credit crunch? What were (or are!) the implications for the Eurozone countries?
5. **Reputation of ‘Capitalism’ in general?** What is ‘neo-liberal’ economics? Why have some blamed the financial crash on the ‘neo-liberal agenda’? Why has the financial crash tarnished the reputation of capitalism as an economic system?

**REMEMBER, WRITE DOWN ANY QUESTIONS THAT YOU HAVE AS YOU LEARN ABOUT THIS EPISODE SO THAT WE CAN ADDRESS THEM IN GROUPS AND AS A CLASS**

**GOOD LUCK!!! ;-)**