
Overview of the Parts of the Movie Inside Job

Introduction

Basic introduction of the film is that, The film inside the job is one hour and 48 minutes in length, it has five parts in which different interviews are involved and different type of case studies are given. This basically tells that how did the 2008 world economic crash occurred.

The movie is really good as it has many facts and figures in it which tells that how the world survived how the millions of the people survived how many of the big companies were acting or playing their role as the worst institutions of the world following is my observations as inside job is a good movie it provides a lot of information about the world recession. Worldwide it is rated as four stars out of 5. It has a great viewership. Many economists have given their interviews in this movie, it has an authentic information.

Part 1

As for the sake of an overview of the first part I have tried to consult some articles as well because solely at my level the proper understanding of the film was not possible, the things which I understood was that the first part was about the politics and strategies of the three banks that how did they involved themselves into the fraudulent activities and they opted those ways which ultimately led whole economy fall down, as CDO's and new ways of giving loans to the institutions plus the people were introduced which were not allowed ethically or legally due to which many companies liquefied later on. In the real estate market, banks aggressively promoted mortgages to people who could not afford them. These were assembled in packages. They were carried on the books as tangible assets when they were worthless. The institutions assembling them hedged their loans by betting against them. When the mortgages failed, profits were made despite and because of their failure. This process has been targeted by financial reform measures that many in both parties oppose because well, lobbyists have persuaded them.

Part 2

In the second part of the film the year 2001 to 2007 is discussed as in these years all the happenings and problems which were mainly the reason for the disturbance of economy are told. The main bubble creation is discussed in this part as In this part the role of AIG in the crises. The AIG's were providing very huge amount for the sake of compensating for the losses

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as a result of CDO's. They were not keeping the reserves as they were supposed to as in case of huge loss they were also giving the inside loans against the CDO's. Two things got boom in this era i. e. the real estate housing which went to boom and profits against mortgage lenders. Just to buy heavy CDO's banks were taking loans and they were also providing huge bonuses. In the paper presented in the year 2005, the chief economist of IMF Mr. Raghuram Rajan pointed out a question that how the firms could have given the bonuses with remaining inside the banks and insurance companies. His point was valid as he thought that the bankers can't take such benefits as if they so they might take high risks and in the result collapse might occur. Different video clips are shown in this part with different interviews as a question comes in this film that whether the people like bankers put themselves in such risks or not. This question was answered by different interviews and opinions. Such a huge risks should not be taken. In this part it also also revealed that how the banks like Goldman Sachs and Morgan Stanley made millions of dollars by doing fraudulent activities. In the end of this part the credit agencies like Moody's S&P and Fitch are also discussed that how did they regulated the credit.

Part 3

Part 3 of the film inside job focuses in the actions of government regulators up to and during the crisis. By 2007 the housing bubble had burst and foreclosures had started to increase. Lenders were no longer able to sell their loans to the investment bankers and as the loans defaulted lenders started going bankrupt. The market for CDOs had also collapsed and many investment banks were left with loans that they had purchased through debt financing but were now unable to sell as CDOs. The film provides evidence that even through consumer advocacy group and the FBI gave significant warnings with regard to mortgage fraud and predatory lending in the years before the crisis the Federal Reserve Board took very little action. By March bear sterns was close to bankruptcy and was purchased by Morgan chase. By early September 2008 the federal government announced the takeover of the mortgage lenders Fannie Mae Freddie Mac along with a significant stake in AIG insurance to prevent its collapse. Meanwhile the investment bank Lehman Brothers filed for bankruptcy. The film notes that during this period the credit rating agencies continued to give high investment grade rating to Bear Sterns and Lehman Brothers even within days of their failure. They also gave the same high ratings to AIG Fannie Mae and Freddie Mac right up to the time of their bailouts. The film explores the lack of planning on the part of financial regulators for the possibility of bankruptcy for a major investment bank.

In particular the Federal Reserve did not anticipate the global impact of Lehman Brothers bankruptcy on the short-term commercial paper market. The film details the sequence of events including the role played by the Federal Reserve and impact of the commercial credit crisis the followed. In Oct 2008 Congress provided Henry Paulson the secretary of the treasury and Ben Bernanke the chairman of the Federal Reserve with \$700 billion to bail out the investment banks. The film notes that bailing out and taking control of AIG the treasury and the federal

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reserve paid out the firms CDS obligations to the various investment banks (of which the largest amount owned was to Goldman Sachs) at 100% of their value rather than negotiating lower payment. At the same time AIG was forced to give up its rights to sue any of the investment banks. The film raises the issue of a conflict of interest given that Henry Paulson was a former CEO of Goldman Sachs.

Part 4

The fourth part of the film is about the accountability of the culprits those people were not much penalized but still they were called into the court several times. This portion of the film also calls into question the issue of the role and composition of the board of directors in such organizations. The narrative also highlight the political power of financial services industry by pointing out that between 1998 and 2008 the industry sent more than \$5billion on lobbying and campaign contributions and with the use of more than 3000 lobbyists continues to fight aggressively against financial reform. The film purposes that the study of economics itself has a corrupted by the industry. It include features interviews with several academic economist who support deregulation and various forms of compensation they received from the financial service industry.

Part 5

This part tells that “where we are now?” in this part it is the sort of recommendations and conclusions of the film that what is the current situation faced by the world. In particular the film notes a decline in the nation’s economic position and its greater inequality of wealth. Such factors placed pressure on middle income earners to enter into greater debt facilitated by the financial service industry to finance their houses, health care and education. The film also contends that the regulatory reforms enacted in mid-2010 were relatively weak at best. The term a Wall Street government arises and the film points out that as of mid-2010 no single senior financial industry executive had been prosecuted and no single firm had been prosecuted for accounting or securities fraud. The film concludes that the financial services industry turned is back on society corrupted the political system and brought the world economy to the brink of disaster. All the five parts were really informative but the movie was made in a tough manner as it could not be understand by seeing it only once. I hope that sir will like the overview and pardon the mistakes and give good marks.

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