Economics bubble by cheap money, the securitisation

Business, Management

Economics uses mathematical models todetermine the government policy that maximises social welfare, its conclusionsreveal many things about history and have implications for politics and more. Itis this broadness that interests me. Economics has been beneficial for me as ithas increased my level of critical thinking about broad areas such as theimpact of government policies, how they may be improved, as well as the natureof society in general. Following a presentation given by a fellow studentin Economics Society last year, I developed a special interest in financialcrises. This led me to watch ‘ The Big Short’ which I thoroughly enjoyed.

However, it left me with many questions and I set out to evaluate its level ofaccuracy. Subsequently, I took a short course on financial crises which wasoffered at school. Here we discussed the creation of the housing bubble bycheap money, the securitisation of mortgage assets and the implosion of thebanks that owned them when house prices began to fall. I read ‘ Too Big To Fail'(Sorkin) which explainedwhy the implosion of these banks had such a large impact on the real economy, andsuggested they be broken up. Afterwards, I read ‘ How Markets Fail’ (Cassidy) which suggested that freemarket theory was to blame for the crisis – or rather, its failure to properlyaccount for irrationality. It was interesting to see the contrastingperspectives: one that suggested a practical policy change would be sufficient, and one that supported the idea that a fundamental theoretical revision isnecessary. I am currently writing my Extended Project Qualificationtitled ‘ Are financial crises inevitable or can they be avoided?’.

My A-Level subjects have prepared me well forstudying Economics at University. In Mathematics, I have practised usingfunctions, linear algebra to derive equations and calculus. Additionally, Economics lessons has given me an insight into how these methods can be used atan undergraduate level for Economics. For example, I have derived the equationfor the Short Run Phillips Curve from the equation for the Short Run AggregateSupply curve, which required me to turn static variables into dynamicvariables, involving complex manipulation. Furthermore, Biology requires manygraphical and statistical analysis, which I put into practice at the BASEcompetition when I had to do a SWAT analysis.

I have a strong work ethic, which can bedisplayed through my GCSEs, having studied additional courses in Mathematicsand Science. I have also developed skills outside of academia which has helpedme to become a well-rounded individual. I have been tutoring GCSE students fora charitable tutorial firm which has helped me to develop my interpersonalskills. I was also a prefect at my last school; this has been useful as it has developedmy management skills as we put on community events. Altogether, committing tothese extracurricular activities outside of school have also improved my timemanagements skills and organisational skills. Having assisted several charity dinners forBrighton Education centre, I have been able to enhance my teamwork skills, as Ihave been taken out of my comfort zone. Self-studying the FSMQ Additional mathsand further additional science have given me great self-discipline, which is acrucial attribute required for a

rigorous degree like Economics. Following my undergraduate degree, I wouldlike work in a career in finance.

Having completed work experience at Lazard, Iwas able to see the diversity of the financial sector. I was given theopportunity to shadow analysts, advisors, and asset managers. An opportunity tostudy this degree at an undergraduate level will be crucial in assisting me tomy chosen career; my enthusiasm and appeal for my subject will not only provebeneficial in preparing me for my career, but it will also maximise mypotential and help develop me as a person, which is a lifelong process.