

Course Instructor: Dr. Benjamin Lozano  
Course Room: J Baskin Engr. 372  
Course Time: M/W 5:00-6:45  
Office #: Merrill Annex 152  
Office Hrs: Mon. 3:45-4:45  
[blozano@ucsc.edu](mailto:blozano@ucsc.edu)

## ***POLI-139B***

# ***Materialism & Financial Markets***

### Introduction

This course is a continuation of *POLI-139* (Market Crisis & the Future of Capitalism), and so further examines the development and role of late 20<sup>th</sup> and early 21<sup>st</sup> century financial technologies in modern market crises –but now with the explicit goal of developing a research agenda capable of analyzing 21<sup>st</sup> century finance capitalism. A rigorous approach to doing so requires two steps: First, an in-depth look at (a) the manner in which debt is produced, structured, marketed, circulated, and consumed by way of bond instruments, securitization, and various structured financial products, (b) the role of derivatives markets (OTC, clearing-housed, and exchange-traded) therein, and (c) their role, if any, in the 2007-2008 financial crisis and its recent aftermath. Secondly, the course can then begin to theorize our aforementioned objects of analysis, and pose the question of what, if anything, a materialist theory of finance capitalism might bring to a critical analysis of capital, credit, and money markets? This course will culminate in a 20-40 page research paper on a topic of the student's choosing.

### General Trajectory of the Course

The general trajectory of the course will roughly proceed as follows:

*Weeks 1-3* will introduce our course objectives, and then overview some key concepts, ideas, several key theoretical coordinates, and provide a general introduction to money & capital markets. *Week 4-5* will observe and analyze structured debt & derivatives technologies (i.e. debt-assemblages & virtual commodities), and their relation to the operations and functioning of money & capital markets. *Week 6-8* will further develop some theoretical coordinates for analyzing these technologies and their corresponding markets and institutions, by posing the question of what a contemporary materialist analysis of financial markets might look like? *Weeks 9-10* will begin to put our knowledge to work, as we research –either independently, or in small research clusters– and construct a final paper. A panel-conference presentation of our findings and then submission of the research paper will bring the course to a close.

### Goal of the Course

This course serves as an upper-division elective undergraduate course for the *Bruce Initiative on Rethinking Capitalism* (<http://www.rethinkingcapitalism.org>). This course aims to transcend the traditional and often unhelpful distinction between “conservative” and “progressive”, or “right-wing” vs. “left-wing” perspectives on finance and market capitalism, and in this respect seeks to pursue its object of analysis in much the same way a scientist would proceed –coolly, tentatively, perspicaciously, analytically, and relatively unencumbered by a specific political disposition. Students in this course are asked to bracket their *personal views* and *opinions* on finance, financial technologies, and market capitalism, upon entering the classroom each day *so that we might better learn about, discuss, and theorize our topics of concern*. Careful attention to the themes of this course, as well as maintaining an open, contemplative, and analytical disposition, will result in a historically and theoretically informed understanding of structured debt, derivatives, and a materialist exposition of modern finance capitalism.

### Course Requirements

- A. Students are invited to attend all classes, arriving prepared to present on and/or discuss the readings for that day –there are roughly 150 pages of reading each week.
- B. The grade breakdown is as follows: (1) Participation 50% (2) Research Paper (20-40 pages) 50%

- C. Miscellaneous: Consistent with the University's Academic Integrity Policy, academic dishonesty will not be tolerated. Any infraction may be reported to the UC Academic Integrity Program for further investigation, and could result in disciplinary action. Those who are unclear of University policy on academic dishonesty are directed to the following sites:

[http://www.ucsc.edu/academics/academic\\_integrity/undergraduate\\_students/#process](http://www.ucsc.edu/academics/academic_integrity/undergraduate_students/#process)  
<http://library.ucsc.edu/science/instruction/CitingSources.pdf>

#### Required Texts

Karl Marx, *Grundrisse: Foundations for a Critique of Political Economy*, Penguin Classics, 1993  
P. Mehrling, *The New Lombard St: How the Fed Became Dealer of Last Resort*, Princeton Univ. Press, 2010  
C. Reinhart and K. Rogoff, *This Time is Different: 8 Centuries of Financial Folly*, Princeton Univ. Press, 2010  
Nassim Taleb, *The Black Swan: The Impact of the Highly Improbable*, Random House, 2007  
Elie Ayache, *The Blank Swan: The End of Probability*, Wiley, 2010  
Jean Laplanche, *Essays on Otherness*, Routledge, 1999  
Manuel De Landa, *Intensive Science and Virtual Philosophy*, Continuum, 2002  
All other articles are found on ecommons (e) or online (URL).

#### Recommended: Structured Debt & Derivatives

V. Kothari, *Securitization: The Financial Instrument of the Future*, John Wiley & Sons, 2006  
Janet Tavakoli, *Structured Finance & Collateralized Debt Obligations: New Developments in Cash & Synthetic Securitization*, John Wiley & Sons, 2008  
Garcia and Goossens, *The Art of Credit Derivatives: Demystifying the Black Swan*, John Wiley & Sons, 2010  
Alfred Steinherr, *Derivatives: The Wild Beast of Finance*, John Wiley & Sons, 2000  
Saunders and L. Allen, *Credit Risk Management In and Out of the Financial Crisis*, John Wiley and Sons, 2010  
Paul Wilmott, *Paul Wilmott Introduces Quantitative Finance*, Wiley, 2007  
Merton Miller, *Merton Miller on Derivatives*, John Wiley & Sons, 1997  
Global Derivatives Study Group (aka "Group of 30"), *Derivatives: Practices & Principles*, July 1993

#### Recommended: General Finance Reference Guides

Dave Kansas, *Wall Street Journal Complete Money & Investing Guidebook*, Three Rivers Press, 2005  
Michel Fleuriet, *Investment Banking Explained: An Insider's Guide to the Industry*, McGraw Hill, 2008  
P. Rose and M. Marquis, *Money & Capital Markets: Financial Institutions and Instruments in Global Marketplace*, McGraw-Hill Irwin, 2008  
Perry Mehrling, *Fischer Black and the Revolutionary Idea of Finance*, John Wiley & Sons, 2005  
Peter Bernstein, *Against the Gods: The Remarkable Story of Risk*, John Wiley & Sons, 1996  
-- *Capital Ideas: The Improbable Origins of Modern Wall Street*, The Free Press, 1992

#### Recommended: Financial Crisis

S. Johnson & J. Kwak, *13 Bankers: Wall Street Takeover and the Next Financial Meltdown*, Pantheon Bks, 2010  
Gillian Tett, *Fool's Gold How the Bold Dream of a Small Tribe at J. P. Morgan Was Corrupted by Wall Street Greed and Unleashed a Catastrophe*, Free Press, 2009  
Karen Ho, *Liquidated: An Ethnography of Wall Street*, Duke University Press, 2009  
R. Rajan, *Fault Lines: How Hidden Fractures Still Threaten the World Economy*, Princeton Univ. Press, 2010  
S. Patterson, *Quants: How New Breed of Math Whizzes Conquered Wall St & Nearly Destroyed It*, 2010  
N. Roubini and S. Mihm, *Crisis Economics: A Crash Course in the Future of Finance*, Penguin Press, 2010  
Timothy Sinclair, *The New Masters of Capital: American Bond Rating Agencies and the Politics of Creditworthiness*, Cornell University Press, 2008  
Susan McGee, *Chasing Goldman Sachs: How the Masters of the Universe Melted Wall Street Down . . . And Why They'll Take Us to the Brink Again*, Random House, 2010  
John Authers, *The Fearful Rise of Markets: Global Bubbles, Synchronized Meltdowns, and How To Prevent Them in the Future*, FT Press, 2010  
Robert Shiller, *Irrational Exuberance*, Princeton University Press, 2005

### Recommended: Speculative Materialism

Gilles Deleuze, *Bergsonism*, Zone Books, 1991  
-- *A Thousand Plateaus: Capitalism and Schizophrenia*, Univ. of Minnesota Press, 1987 (w/ Felix Guattari)  
-- *Difference and Repetition*, Continuum, 1994  
-- *The Logic of Sense*, Columbia University 1990  
Adrian Parr (ed.), *The Deleuze Dictionary*, Columbia Univ. Press, 2005  
Jean Laplanche, *Seduction, Translation, and the Drives*, Institute of Contemporary Arts, 1992  
-- *Life & Death in Psychoanalysis*, John Hopkins University Press, 1970  
J. Laplanche & J.B. Pontalis, *The Language of Psychoanalysis*, WW Norton, 1973  
Quentin Meillassoux, *After Finitude: An Essay on the Necessity of Contingency*, Continuum, 2008  
A. Shleifer, *Inefficient Markets: An Introduction to Behavioral Finance*, Oxford Univ. Press, 2000  
Sigmund Freud, *Beyond the Pleasure Principle*, WW Norton, 1961  
-- *Group Psychology and the Analysis of the Ego*, WW Norton 1959  
-- *Introductory Lectures on Psychoanalysis*, WW Norton 1966  
Ray Brassier, *Nihil Unbound: Enlightenment and Extinction*, Palgrave MacMillan, 2007  
George Akerlof & Robert Shiller, *Animal Spirits: How Human Psychology Drives the Economy and Why it Matters for Global Capitalism*, Princeton University Press, 2009

### Recommended: Miscellaneous Theory

Karl Marx, *Capital* Volumes I-III <http://www.marxists.org/archive/marx/index.htm>  
Robert Meister, *Political Identity*, Blackwell, 1990  
R. Rosdolsky, *The Making of Marx's Capital*, Pluto Press, 1977  
A. Negri, *Marx Beyond Marx, Lessons on the Grundrisse*, Bergin & Garvey, 1984  
GFW Hegel, *Science of Logic*, Humanities Press, 1976  
D. Carlson, A Commentary on Hegel's *Science of Logic*, Palgrave, 2007  
Paul Virilio, *Speed and Politics*, MIT Press, 2007  
Guy Debord, *The Society of the Spectacle*, Zone Books, 1995

### Websites

#### Debt Theory & Derivatives

Vinod Kothari's Financial Services Website <http://www.vinodkothari.com/>  
Vinod Kothari's Credit Derivatives Website <http://www.nber.org/papers/w13405.pdf>  
Rethinking Capitalism <http://www.rethinkingcapitalism.org>  
Marxists Internet Archive <http://www.marxists.org>  
Wall Street, Banking, and Regulation, etc.  
American Bankers Association <http://www.aba.com/default.htm> (principal trade assoc. representing US banking industry)  
FDIC <http://www.fdic.gov/> ( US bank data and statistics (e.g. list of failed banks, etc.)  
<http://www.fdic.gov/bank/>)  
Securities & Exchange Commission <http://www.sec.gov>  
US Treasury Department <http://www.ustreas.gov>  
Federal Reserve <http://www.federalreserve.gov>  
New York Stock Exchange <http://www.nyse.com>  
NASDAQ <http://www.nasdaq.com/>  
Bank for International Settlements <http://www.bis.org/>  
International Swaps and Derivatives Association <http://www.isda.org/>  
US Bureau of Labor and Statistics <http://bls.gov>  
News & Miscellaneous Research  
Wall Street Journal <http://www.wsj.com>  
Financial Times <http://www.ft.com/home/us>  
National Association of Securities Dealers <http://www.nasdaq.com>  
Commodity Futures Trade Commission <http://www.cftc.gov>  
Hedge Fund Research Inc. <http://www.hedgefundresearch.com/>

CME Group <http://www.cmegroup.com/>  
Museum of American Finance <http://www.financialhistory.org>  
Market Watch <http://www.marketwatch.com>  
Standard & Poor's <http://www.standardandpoors.com/home/en/us>  
Moody's <http://v3.moody.com/Pages/default.aspx>  
National Bureau of Economic Research <http://www.nber.org>  
Inside Mortgage Finance <http://www.imfpubs.com/>  
Association for Financial Markets in Europe, <http://www.afme.eu/>  
Investment Company Institute <http://www.ici.org/research>  
Reis <http://www.reis.com/index.cfm>  
FHFA <http://www.fhfa.gov/>

# Class Schedule

## I. Introduction: Historical and Theoretical Backdrop

### A. 3/28-3/30. Foundations of Political Economy (part I of II)

#### Required

##### W) Preface

Karl Marx, *Grundrisse: Foundations of the Critique of Political Economy*, Penguin Classics, 1973  
(Translators Forward pg. 8-66)

Manuel De Landa, *Intensive Science and Virtual Philosophy*, Continuum, 2002 (pg. 3-8)

#### Recommended

P. Rose and M. Marquis, *Money & Capital Markets: Financial Institutions and Instruments in Global Marketplace*, McGraw-Hill Irwin, 2008 (Chapter 1-2) (e)

Dave Kansas, *Wall Street Journal Complete Money & Investing Guidebook*, Three Rivers Press, 2005  
(Chapter 1-5, 9) (e)

#### Itinerary

3/28. Introduction to the Course

3/30. An Introduction to the Foundations of Political Economy

Presentations: \_\_\_\_\_

### B. 4/04-4/06. Foundations of Political Economy (part II of II)

#### Required

##### M) The Method of Political Economy

Karl Marx, *Grundrisse: Foundations of the Critique of Political Economy*, Penguin Classics, 1973 (pg. 83-111)

Manuel De Landa, *Intensive Science and Virtual Philosophy*, Continuum, 2002 (pg. 9-41)

##### W) Commodity Exchange, Commodization, Money, and Capital

Karl Marx, *Grundrisse: Foundations of the Critique of Political Economy*, Penguin Classics, 1973 (pg. 116-203)

K. Abraham and C. Shaw, *Dynamics: The Geometry of Behavior: Part One: Periodic Behavior*, Ariel Press, UC Santa Cruz (pg. 13-51) (e)

#### Recommended

Adrian Parr (ed.), *The Deleuze Dictionary* (entry "Virtual/Virtuality"), Columbia Univ. Press, 2005

Karl Marx, *Capital Volumes I-III* <http://www.marxists.org/archive/marx/index.htm>

Robert Meister, *Political Identity*, Blackwell, 1990 (pg. 1-12, 313-348)

R. Rosdolsky, *The Making of Marx's Capital*, Pluto Press, 1977

A. Negri, *Marx Beyond Marx, Lessons on the Grundrisse*, Bergin & Garvey, 1984

GFW Hegel, *Science of Logic*, Humanities Press, 1976  
D. Carlson, *A Commentary on Hegel's Science of Logic*, Palgrave, 2007  
Meghnad Desai, *Marx's Revenge: The Resurgence of Capitalism and the Death of State Socialism*, Verso, 2002 (e)

#### Current & Recent Affairs

S. Brittan, "Still They are Fighting Over Dead Men's Shoes", *The Financial Times*, Febr.4<sup>th</sup> 2011,  
<http://www.ft.com/cms/s/0/ae384e82-2fcd-11e0-91f8-00144feabdco.html>

#### Itinerary

4/04. Materialism and the Problem of Morphogenesis in Notebook M

Presentations: \_\_\_\_\_

4/06. Commodization, Money, Capital, and Circulation

Presentations: \_\_\_\_\_

### **C. 4/11-4/13. (The Fragility of) Money & Capital Markets**

#### Required

M) Liquidity Flows, and Money Markets & Capital Markets

P. Mehrling, *The New Lombard St: How the Fed Became Dealer of Last Resort*, Princeton Univ. Press, 2010 (pg. 1-47, 71-112)

W) When Liquidity Flows Freeze: Financial Crisis

C. Reinhart and K. Rogoff, *This Time is Different: 8 Centuries of Financial Folly*, Princeton Univ. Press, 2010, (Preamble, Chapters 10, 13-14)

P. Mehrling, *The New Lombard St: How the Fed Became Dealer of Last Resort*, Princeton Univ. Press, 2010 (pg. 113-136)

#### Recommended

P. Rose and M. Marquis, *Money & Capital Markets: Financial Institutions and Instruments in Global Marketplace*, McGraw-Hill Irwin, 2008 (Chapter 4, 14) (e)

Hyman Minsky, "Financial Intermediation in the Money and Capital Markets", in *Issues in Banking and Monetary Analysis*, ed. Pontecorvo et al, Holt, Reinhart, Wilson, 1967

"Usage of Federal Reserve Credit and Liquidity Facilities", The Federal Reserve, December 3<sup>rd</sup> 2010,  
[http://www.federalreserve.gov/newsevents/reform\\_transaction.htm](http://www.federalreserve.gov/newsevents/reform_transaction.htm)

Thomas Geoghegan, "Infinite Debt: How Unlimited Interest Rates Destroyed the Economy", *Harper's Magazine*, April 2009, <http://www.harpers.org/archive/2009/04/0082450>

Serena Ng. and Liz Rappaport, "How Fed Crisis Aid Got Tested", *The Wall Street Journal*, Dec. 10<sup>th</sup> 2010, <http://online.wsj.com/article/SB10001424052748704720804576009960923353594.html>

US Treasury Department, Office of Financial Stability, Troubled Asset Relief Program (TARP), Two-Year Retrospective, Sept. 30<sup>th</sup> 2010,

[http://www.financialstability.gov/docs/TARP%20Two%20Year%20Retrospective\\_10%2005%2010\\_tr ansmittal%20letter.pdf](http://www.financialstability.gov/docs/TARP%20Two%20Year%20Retrospective_10%2005%2010_tr ansmittal%20letter.pdf)

James Bullard, "QE2 in 5 Easy Pieces", The Federal Reserve (St. Louis), November 8<sup>th</sup> 2010,  
[http://research.stlouisfed.org/econ/bullard/pdf/NYSSA\\_Nov\\_8\\_2010\\_final.pdf](http://research.stlouisfed.org/econ/bullard/pdf/NYSSA_Nov_8_2010_final.pdf)

US Financial Inquiry Commission, "Financial Crisis Inquiry Report", Jan. 2011,  
<http://www.fcic.gov/report/>

Federal Reserve, "Comprehensive Capital Analysis Review", March 18<sup>th</sup> 2011,  
<http://www.federalreserve.gov/newsevents/press/bcreg/bcreg20110318a1.pdf>

#### Current & Recent Affairs

James Surowiecki, "A Smarter Stimulus", *The New Yorker*, January 26<sup>th</sup> 2010,  
[http://www.newyorker.com/talk/financial/2009/01/26/090126ta\\_talk\\_surowiecki](http://www.newyorker.com/talk/financial/2009/01/26/090126ta_talk_surowiecki)

Tony Jackson, "Tough Times as Govt Sugar Daddy Shuts Up Shop", *The Financial Times*, June 14<sup>th</sup> 2010,  
<http://www.ft.com/cms/s/0/4901239e-774b-11df-ba79-00144feabdco.html#axzz15Npxy06R>

Chris Giles, "Vulnerable to Vertigo", *The Financial Times*, July 28<sup>th</sup> 2010,  
<http://fgiworldwatchreport.com/vulnerable-to-vertigo.html>

Serena Ng and Carrick Mollencamp, “Foreclosed On –by the US”, *The Wall Street Journal*, August 4<sup>th</sup> 2010, <http://online.wsj.com/article/SB10001424052748704499604575407584128526218.html>

Hilsenrath and Cheng, “Fed Gears Up for More Stimulus”, *The Wall Street Journal*, Oct 27<sup>th</sup> 2010, <http://online.wsj.com/article/SB10001424052702303891804575576533845166848.html>

Robin Harding, “Some Enchanted Easing”, *The Financial Times*, Oct. 28<sup>th</sup> 2010 <http://www.ft.com/cms/s/0/4c823958-e1ff-11df-a064-00144feabdco.html>

Van Duyn, Mackenzie, Milne, “Credit Markets: Paper Weight”, *The Financial Times*, Nov. 1<sup>st</sup> 2010, <http://www.ft.com/cms/s/0/d7abb7c2-e51d-11df-8e0d-00144feabdco.html#axzz15NTp3GCq>

Kelly Evans, “Gridlock Alert: Fed May Be Forced to Fly Solo”, *The Wall Street Journal*, Nov. 3<sup>rd</sup> 2010, <http://online.wsj.com/article/SB10001424052748703778304575590803245140716.html>

Federal Reserve of New York, FAQs: Purchases of Longer-Term Securities, Nov 3<sup>rd</sup> 2010, [http://www.ny.frb.org/markets/lttreas\\_faq.html](http://www.ny.frb.org/markets/lttreas_faq.html)

Brian Blackstone, “ECB Parts Ways with the US on More Stimulus”, *The Wall Street Journal*, Nov 4<sup>th</sup> 2010, <http://online.wsj.com/article/SB10001424052748703805704575594083219715888.html>

Jon Hilsenrath, “Fed Treads into Once-Taboo Realm”, *The Wall Street Journal*, Nov 5<sup>th</sup> 2010, <http://online.wsj.com/article/SB10001424052748704805204575594833095922308.html>

J. Weisman, “Fed Global Backlash Grows”, *The Wall Street Journal*, Nov. 9<sup>th</sup> 2010, <http://online.wsj.com/article/SB10001424052748703514904575602820114533804.html>

M. Gongloff, “QE in the Dock: Some Yields Going Up”, *The Wall Street Journal*, Nov. 11<sup>th</sup> 2010, <http://online.wsj.com/article/SB10001424052748703805004575606262000387820.html>

Ben Bernanke’s CBS 60 Minutes Interview, December 5<sup>th</sup> 2010, <http://www.cbsnews.com/video/watch/?id=7120553n&tag=related:photovideo>

Allsenrath and Whitehouse, “Markets Defy Fed’s Bond Buying Push”, *The Wall Street Journal*, Dec. 10<sup>th</sup> 2010, <http://online.wsj.com/article/SB10001424052748704250704576005612056451994.html>

Guerrera, Baer, Jenkins, “A Sparser Future”, *The Financial Times*, Dec. 20<sup>th</sup> 2011, <http://www.ft.com/cms/s/0/0c9cf776-0b97-11e0-a313-00144feabdco.html>

T. Lauricella, “Meet the Supporting Cast”, *The Wall Street Journal*, Jan. 3<sup>rd</sup> 2011, <http://online.wsj.com/article/SB10001424052748703859204576053811246321744.html>

Mollencamp, Lucchetti, Ng, “Report Details Wall Street Crisis”, *The Wall Street Journal*, Jan 28<sup>th</sup> 2011, <http://online.wsj.com/article/SB10001424052748703399204576108461096848824.html>

M. Mackenzie, “Fed Eases Past China as Leading Holder of US Securities”, *Financial Times*, Febr. 2<sup>nd</sup> 2011, <http://www.ft.com/cms/s/0/120372fc-2e48-11e0-8733-00144feabdco.html>

Hilsenrath, “Fed Unlikely to Remove Economic Stimulus Just Yet”, *The Wall Street Journal*, March 7<sup>th</sup> 2011, <http://online.wsj.com/article/SB10001424052748704504404576184681020981382.html>

D. Fitzpatrick, “Fed Poised to Ease its Grip on Banks”, *The Wall Street Journal*, March 18<sup>th</sup> 2011, <http://online.wsj.com/article/SB10001424052748703818204576206812463475274.html>

Sparshot and Zibel, “Treasury to Sell MBS Portfolio”, *The Wall Street Journal*, March 22<sup>nd</sup> 2011, <http://online.wsj.com/article/SB10001424052748703858404576214411406471314.html>

Itinerary

4/11. Liquidity Flows, and the Interrelation of Money & Capital Markets

Presentations: \_\_\_\_\_

4/13. The Cut in the Circulation of Debt and Ensuing Financial Crisis

Presentations: \_\_\_\_\_

## II. Debt-Assemblages & Virtual Commodities

### A. 4/18-4/20. Securitization & Structured Debt

Required

M) Securitization & Structured Finance (part I of II)

A. Saunders and L. Allen, *Credit Risk Management In and Out of the Financial Crisis*, John Wiley and Sons, 2010 (ch 1-2) (e)

T.M. Rybczynski, "A New Look at the Evolution of the Financial System", in (ed.) Jack Revell, *The Recent Evolution of Financial Systems*, St. Martin's Press, 1997 (pg. 3-14) (e)  
V. Kothari, *Securitization: Financial Instrument of the Future*, John Wiley & Sons, 2006 (Ch. 1) (e)

W) Securitization & Structured Finance (part II of II)

Morgan Stanley, *Structured Credit Insights: Instruments, Valuation, and Strategies* (Read Section A, skim rest) 2007, <http://www.scribd.com/doc/19606884/Morgan-Stanley-Structured-Credit-Insights-2007-Instruments-Valuation-and-Strategies>

J. Tavakoli, *Structured Finance & Collateralized Debt Obligations: New Developments in Cash & Synthetic Securitization*, John Wiley & Sons, 2008 (skim ch.2, Read ch. 3-4)

Recommended

ECB Working Papers, "How Has CDO Market Pricing Changed During the Turmoil", June 2008, <http://www.ecb.int/pub/pdf/scpwps/ecbwp910.pdf>

A.K. Barnett-Hart, "The Story of the CDO Market Meltdown: An Empirical Analysis", March 2009 <http://www.hks.harvard.edu/m-rcbg/students/dunlop/2009-CDOmeltdown.pdf>

Standard & Poor's, "US Structured Finance 2010 Outlook: The Overall Market Continues to Stabilize, But CMBS Remains a Concern", February 2010, <http://www2.standardandpoors.com/spf/pdf/events/auto2010art7.pdf>

John Hull, "Credit Ratings & the Securitization of Subprime Mortgages", May 11<sup>th</sup> 2010  
Standard & Poor's, "US Structured Finance 2010 Midyear Outlook: Regulatory Issues May Temper the Market's Recovery", June 2010, <http://www2.standardandpoors.com/spf/pdf/events/auto2010art7.pdf>

Gerald Dwyer, "Notes From the Vault: The Financial System After the Crisis: Structured Finance and Credit Rating Agencies", June 2010

[http://www.frbatlanta.org/cenfig/pubsf/vn\\_financial\\_system\\_after\\_crisis.cfm](http://www.frbatlanta.org/cenfig/pubsf/vn_financial_system_after_crisis.cfm)

Board of Governors of the Federal Reserve System, "Report to Congress on Risk Retention", October 2010, <http://federalreserve.gov/boarddocs/rptcongress/securitization/riskretention.pdf>

ECB, "Recent Developments in Securitization", February 2011,

<http://www.ecb.int/pub/pdf/other/recentdevelopmentinsecuritisation201102en.pdf>

Current & Recent Affairs

Robin Sindel, "Toxic CDO's Beset FDIC as Banks Fail", *The Wall Street Journal*, May 18<sup>th</sup> 2010, <http://online.wsj.com/article/SB10001424052748704314904575250811941096220.html>

L. Wei, "CMBS Market Rises from Ashes of Collapse", *The Wall Street Journal*, June 21<sup>st</sup> 2010, <http://online.wsj.com/article/SB10001424052748704723604575379543602271202.html>

A. Van Duyn, "CDO Charges Fuel Efforts to Shed Light on Opaque Markets", *The Financial Times*, June 24<sup>th</sup> 2010, [http://www.ft.com/cms/s/0/2a3371a6-7ef3-11df-8398-00144feabdco.dwp\\_uuid=a6dfc08-9c79-11da-8762-0000779e2340.html#axzz187OsVxlZ](http://www.ft.com/cms/s/0/2a3371a6-7ef3-11df-8398-00144feabdco.dwp_uuid=a6dfc08-9c79-11da-8762-0000779e2340.html#axzz187OsVxlZ)

Mollencamp and Ng, "Dual Role in Housing Deals Puts Spotlight on Deutsche", *Wall Street Journal*, Aug. 3<sup>rd</sup> 2010, <http://online.wsj.com/article/SB10001424052748703900004575325232441982508.html>

L. Wei, "CMBS Revival Marks Step Towards Recovery" *The Wall Street Journal*, Sept. 22<sup>nd</sup> 2010, <http://online.wsj.com/article/SB10001424052748703399404575506110648952530.html>

L. Wei, "FDIC Aims to Shed Some Real Estate Assets", *The Wall Street Journal*, Oct. 20<sup>th</sup> 2010, <http://online.wsj.com/article/SB10001424052702303550904575562544287747342.html>

J. Hughes, "Investors Want More Securitization Deals", *The Financial Times*, Nov. 2<sup>nd</sup> 2010, <http://www.ft.com/cms/s/0/0003fa36-e6b8-11df-99b3-00144feab49a.html#axzz187UMFFTj>

Randal Smith, "Citi Debt Probed by SEC", *The Wall Street Journal*, November 8<sup>th</sup> 2010, <http://online.wsj.com/article/SB10001424052702303738504575568411913835550.html>

Matt Wirz, "Junk Bond Risk Feels Too High for Some", *The Wall Street Journal*, Nov. 9<sup>th</sup> 2010, <http://online.wsj.com/article/SB20001424052748703957804575602913465227210.html>

C. Hudson, "Wall Street Aims to Reboot CMBS Market", *The Wall Street Journal*, Nov. 10<sup>th</sup> 2010 <http://online.wsj.com/article/SB10001424052748703585004575604790437414912.html>

A. Van Duyn, "Mortgages Securities in Deep Freeze", *The Financial Times*, Dec. 7<sup>th</sup> 2010, <http://www.ft.com/cms/s/0/3adfb3bc-016a-11e0-9b29-00144feab49a.html#axzz187WzShpl>

- A. Shrivasta, "Securitization Market Shows Signs of Life", *The Wall Street Journal*, February 3<sup>rd</sup> 2011, <http://online.wsj.com/article/SB10001424052748704775604576120530316801482.html>
- A. Shrivasta, "Credit Suisse Beefs Up ABS Team", *The Wall Street Journal*, March 2<sup>nd</sup> 2011, [http://online.wsj.com/article/SB20001424052748704506004576174512498174784.html#mod=todays\\_us\\_money\\_and\\_investing](http://online.wsj.com/article/SB20001424052748704506004576174512498174784.html#mod=todays_us_money_and_investing)
- Van Duyn, "Demand Grows for 'Synthetic' Junk Bonds", *The Financial Times*, March 9<sup>th</sup> 2011, <http://www.ft.com/cms/s/o/168566e8-49bc-11e0-acfo-00144feab49a.html#axzz1HNomoSpe>
- M. Sadovi, "Loan Star: Texas Site Sells as CMBS Market Rallies", *The Wall Street Journal*, March 16<sup>th</sup> 2011, <http://online.wsj.com/article/SB10001424052748703566504576202794102527866.html>

#### Itinerary

4/18. Securitization: A Material Change to Capital Markets

Presentations: \_\_\_\_\_

4/20. The Concept & Materiality of Debt-Assemblages

Presentations: \_\_\_\_\_

### **B. 4/25-4/27. Credit Derivatives & Credit Default Swaps**

#### Required

##### M) Derivatives

V. Kothari, *Securitization: Financial Instrument of the Future*, John Wiley & Sons, 2006 (Ch. 22) (e)

Vinod Kothari, "Introduction to Credit Derivatives" <http://www.credit-deriv.com/introduction%20to%20credit%20derivatives%20article%20by%20Vinod%20Kothari.pdf>

##### W) Credit Derivatives & Structured Debt

Garcia and Goossens, *The Art of Credit Derivatives: Demystifying the Black Swan*, John Wiley & Sons, 2010 (selections)

JP Morgan, *Guide to Credit Derivatives*, 2003, (Chapter 1-4, 6-7)

[http://www.investingbonds.com/assets/files/Intro\\_to\\_Credit\\_Derivatives.pdf](http://www.investingbonds.com/assets/files/Intro_to_Credit_Derivatives.pdf)

#### Recommended

Jongho Kim, "From Vanilla Swaps to Exotic Credit Derivatives: How to Approach the Interpretation of Credit Events", *Fordham Journal of Corporate and Financial Law*, Vol 13, Issue 5 (2008)

Federal Reserve Bank of New York, Staff Reports, "Policy Perspectives on OTC Derivatives Market Infrastructure" (Duffie, Li, Lubke), January 2010

BIS Triennial and Semiannual Surveys: Positions in Global Over-the-Counter (OTC) Derivatives Markets at the End of June 2010, Nov. 2010, [http://www.bis.org/publ/otc\\_hy10i1.pdf](http://www.bis.org/publ/otc_hy10i1.pdf)

Bill Maurer, "Repressed Futures: Financial Derivatives' Theological Unconscious", *Economy and Society*, Vol. 31, No. 1, February 2002: 15-36

Philip Goodchild, "The Derivative Nature of Capitalism", June 2010,

<http://www.rethinkingcapitalism.org/post/the-derivative-nature-of-capitalism>

#### Current & Recent Affairs

John Lanchester, "How Money Went Postmodern", *The New Yorker*, November 10<sup>th</sup> 2008

[http://www.newyorker.com/arts/critics/atlarge/2008/11/10/0811ocrat\\_atlarge\\_lanchester](http://www.newyorker.com/arts/critics/atlarge/2008/11/10/0811ocrat_atlarge_lanchester)

Mackenzie and Tett, "Frozen in Time", *The Financial Times*, June 16<sup>th</sup> 2010,

[http://www.ft.com/cms/s/o/bf3fd548-78b6-11df-a312-00144feabdco.dwp\\_uuid=b323d604-1d6-1dd-9b49-0000779fd2ac.html#axzz187cNUDLB](http://www.ft.com/cms/s/o/bf3fd548-78b6-11df-a312-00144feabdco.dwp_uuid=b323d604-1d6-1dd-9b49-0000779fd2ac.html#axzz187cNUDLB)

Mackenzie and Van Duyn, "Derivatives Dealers Brace for Clearing Shakeup", *The Financial Times*, July 14<sup>th</sup> 2010, [http://www.ft.com/cms/s/o/019f8048-8e9a-11df-8a67-00144feab49a.dwp\\_uuid=odb8d8ba-8a90-11df-bd2e-00144feab49a.html#axzz187kUeFHx](http://www.ft.com/cms/s/o/019f8048-8e9a-11df-8a67-00144feab49a.dwp_uuid=odb8d8ba-8a90-11df-bd2e-00144feab49a.html#axzz187kUeFHx)

Ng and Mollencamp, "Goldman Details its Valuation w/ AIG", *The Wall Street Journal*, Aug. 2<sup>nd</sup> 2010, <http://online.wsj.com/article/SB10001424052748703787904575403423902297954.html>

R. Milne, "IMF Economists Criticize CDS Model", *The Financial Times*, Aug. 24<sup>th</sup> 2010,

[http://www.ft.com/cms/s/o/90d3853c-afa8-11df-b45b-00144feabdco.dwp\\_uuid=86c92008-1c23-1dd-8bfc-000077b07658.html#axzz187m8b6P3](http://www.ft.com/cms/s/o/90d3853c-afa8-11df-b45b-00144feabdco.dwp_uuid=86c92008-1c23-1dd-8bfc-000077b07658.html#axzz187m8b6P3)

M. Singh and K. Youssef, (IMF Working Paper) “Price of Risk: Recent Evidence from Large Financials”, Aug. 2010, <http://www.imf.org/external/pubs/ft/wp/2010/wp10190.pdf>

A. Van Duyn, “Market Fall in OTC Derivatives Volume”, *The Financial Times*, Nov. 17<sup>th</sup> 2010, <http://www.ft.com/cms/s/o/63a722d4-fid5-11df-84ef-00144feab49a.html#axzz187mg2gpgq>

Van Duyn, “Wall Street Awaits Regulator’s Opinions on Swaps Power”, *The Financial Times*, Jan. 13<sup>th</sup> 2011, <http://www.ft.com/cms/s/o/d8c4bc80-1e7f-11e0-87d2-00144feab49a.html#axzz1HNomoSpe>

V. Mcgrane, “Regulator Reassures on Margin Rule”, *The Wall Street Journal*, Febr. 16<sup>th</sup> 2011, <http://online.wsj.com/article/SB10001424052748704409004576146384073940172.html>

Wirz and Burne, “Street Bets on Debt that Doesn’t Exist”, *The Wall Street Journal*, Febr. 28<sup>th</sup> 2011, <http://online.wsj.com/article/SB10001424052748704430304576170710897188504.html>

Mackenzie, “GFI Grabs Lead with Launch of US Swaps Trading Platform”, *Financial Times*, March 1<sup>st</sup> 2011, <http://www.ft.com/cms/s/o/e107d684-4369-11e0-8f0d-00144feabdco.html#axzz1HNomoSpe>

Meyer and Van Duyn, “US Regulators Urged to Spare Overseas Units From Swaps Rules”, *The Financial Times*, March 17<sup>th</sup> 2011,

J. Grant, “Dealers Look for Answers on US Derivatives Reform”, *The Financial Times*, March 17<sup>th</sup> 2011, <http://www.ft.com/cms/s/o/072d7264-4ff5-11e0-9ad1-00144feab49a.html>

Crawford and Stevens, “Deutsche Bank Awaits Verdict in Swaps Case”, *Wall Street Journal*, March 22<sup>nd</sup> 2011, <http://online.wsj.com/article/SB10001424052748704355304576214900864332050.html>

#### Itinerary

4/25. The Concept & Materiality of Virtual Commodities

Presentations: \_\_\_\_\_

4/27. Synthetic Securitization (i.e. VC’s & DA’s)

Presentations: \_\_\_\_\_

### **III. Towards a New Materialist Theory of Capitalism**

#### **A. 5/02-5/04. Black Swans, Blank Swans, and the Contingency of the Absolute**

##### Required

##### M) Speculative Macroeconomics (Part I of II): The Contingency of Black Swan

Nassim Taleb, *The Black Swan: The Impact of the Highly Improbable*, Random House, 2007  
(selections)

Quentin Meillassoux, “Contingency and the Absolutization of the One” (trans. Benjamin Lozano)

<http://speculativeheresy.wordpress.com/resources/>

##### W) Speculative Macroeconomics (Part II of II): Absolute Contingency

M. Whitehouse, “Economists Grail: A Post-Crash Model”, *The Wall Street Journal*, Nov. 30<sup>th</sup> 2010, <http://online.wsj.com/article/SB10001424052702303891804575576523458637864.html>

Elie Ayache, *The Blank Swan: The End of Probability*, Wiley, 2010 (3-59, other selections)

Quentin Meillassoux, “Potentiality & Virtuality”, in *Collapse Vol. II: Speculative Realism*, Robin McKay (ed.), Urbanomic, <http://www.urbanomic.com/>

##### Recommended

Quentin Meillassoux, “Time Without Becoming”, May 2008

[http://speculativeheresy.files.wordpress.com/2008/07/3729-time\\_without\\_becoming.pdf](http://speculativeheresy.files.wordpress.com/2008/07/3729-time_without_becoming.pdf)

-- *After Finitude: An Essay on the Necessity of Contingency*, Continuum, 2008 (e)

Ray Brassier, *Nihil Unbound: Enlightenment and Extinction*, Palgrave MacMillan, 2007

-- “The Enigma of Realism: On Quentin Meillassoux’s *After Finitude*”, in *Collapse Vol. II: Speculative Realism*, Robin McKay (ed.), Urbanomic, <http://www.urbanomic.com/>

##### Current & Recent Affairs

John Authers, “Investors Face a World of Correlation”, *Financial Times*, June 23<sup>rd</sup> 2010,

<http://www.ft.com/cms/s/o/bb2e692e-96a2-11df-9caa-00144feab49a.html>

Jon Hilsenrath, “Deflation Defies Expectations –and Solutions”, *The Wall Street Journal*, July 26<sup>th</sup>

2010, <http://online.wsj.com/article/SB10001424052748704249004575384944103200032.html>

Gillian Tett, "Trading Volumes Are Retreating in Tandem with Investor Trust", *Financial Times*, August 6<sup>th</sup> 2010, <http://www.ft.com/cms/s/0/5ac2207e-aoae-11df-badd-00144feabdco.html>  
 Jonathan Cheng, "Stock, Dollar in Rare Sync: Mirror-Image Moves, Historically Unusual, Come as Markets Await Fed's Plan", *The Wall Street Journal*, October 30<sup>th</sup> 2010, <http://online.wsj.com/article/SB10001424052702304879604575582652303247456.html>  
 Jonah Lehrer, "The Truth Wears Off: An Odd Twist in the Scientific Method", *The New Yorker*, Dec. 13<sup>th</sup> 2010, [http://www.newyorker.com/reporting/2010/12/13/101213fa\\_fact\\_lehrer](http://www.newyorker.com/reporting/2010/12/13/101213fa_fact_lehrer)  
 M. Gongloff, "Markets Back in Lockstep as Risk Bets Return", *The Wall Street Journal*, March 21<sup>st</sup> 2011, <http://online.wsj.com/article/SB10001424052748703292304576212290218939526.html>

#### Itinerary

5/02. Correlationism, Black Swans, and the Arch-Fossil

Presentations: \_\_\_\_\_

5/04. Hypercontingency, Blank Swans, and the Absolute

Presentations: \_\_\_\_\_

### **B. 5/09-5/11. Realism, Materialism, the Speculative, and the Subject**

#### Required

M) Speculative Microeconomics: The Exocentric Subject of the Copernican Revolution

Jean Laplanche, *Essays on Otherness*, Routledge, 1999 (Introduction, Ch. 1, 5)

B. Conway, "Investing in Fear is Big Business", *The Wall Street Journal*, Nov. 29<sup>th</sup> 2010,

<http://online.wsj.com/article/SB10001424052748703785704575642643319238142.html>

Sigmund Freud, "Two Artificial Groups: The Church and the Army", in *Group Psychology and the Analysis of the Ego*, WW Norton 1959 (e)

W) Speculative Microeconomics: The Enigmatic Subject

Jean Laplanche, *Essays on Otherness*, Routledge, 1999 (Ch. 7-9)

Benjamin Friedman, "Two Roads to Our Financial Catastrophe", *The New York Review of Books*,

April 29<sup>th</sup> 2009, <http://www.nybooks.com/articles/archives/2010/apr/29/two-roads-to-our-financial-catastrophe/>

Jason Zweig, "So That's Why Investors Can't Think For Themselves", *The Wall Street Journal*, June

19<sup>th</sup> 2010, <http://online.wsj.com/article/SB10001424052748703438604575314932570154178.html>

James Surowiecki, "What Does Procrastination Tell us About Ourselves", *The New Yorker*, October

11<sup>th</sup> 2010, [http://www.newyorker.com/arts/critics/books/2010/10/11/101011crbo\\_books\\_surowiecki](http://www.newyorker.com/arts/critics/books/2010/10/11/101011crbo_books_surowiecki)

#### Recommended

Benjamin Lozano, "A Contested Revolution: On the Speculative Method", *Cosmos and History: The Journal of Natural and Social Philosophy*, Vol. 6, No. 1, 2010

-- "A Special Form of Outer Darkness", *Radical Philosophy*, Volume No. 159, January/February 2010

Jean Laplanche, *New Foundations for Psychoanalysis*, Basil Blackwell, 1989

-- *Life & Death in Psychoanalysis*, John Hopkins University Press, 1985

-- *Seduction, Translation, and the Drives*, Institute of Contemporary Arts, 1992 (pg. 3-89; 161-223) (e)

-- "The Derivation of Psychoanalytic Entities", in *Life & Death in Psychoanalysis*, John Hopkins University Press, 1985 (e)

Sigmund Freud, *Beyond the Pleasure Principle*, WW Norton 1961

-- *Group Psychology and the Analysis of the Ego*, WW Norton 1959

-- *Introductory Lectures on Psychoanalysis*, WW Norton 1966 (esp. see Ch. XXV "Anxiety")

-- *Inhibitions, Symptoms, and Anxiety*, WW Norton, 1921

-- "Analysis Terminable and Interminable" (1937) (\*)

-- "Constructions in Analysis" (1937) (\*)

Andrew Haldane, "Patience and Finance", Lecture at the Oxford China Business Forum, Sept. 2010,

<http://www.bankofengland.co.uk/publications/speeches/2010/speech445.pdf>

James Surowiecki, "Greater Fools", *The New Yorker*, July 5<sup>th</sup> 2010,

[http://www.newyorker.com/talk/financial/2010/07/05/100705ta\\_talk\\_surowiecki](http://www.newyorker.com/talk/financial/2010/07/05/100705ta_talk_surowiecki)

Jason Zweig, "What Conflict of Interest? How Power Blinds us to Our Flaws", *Wall Street Journal*, Sept. 16<sup>th</sup> 2010, <http://online.wsj.com/article/SB10001424052748704049904575554224110186824.html>

Itinerary

5/09. Anxiety & the Other in/as the Subject

Presentations: \_\_\_\_\_

5/11. The Exocentric Subject & the Enigmatic Message (aka "A Special Form of Outer Darkness")

Presentations: \_\_\_\_\_

**C. 5/16-5/18. Speculative Materialism**

Required

M) Speculative Materialism (part I of II)

Manuel De Landa, *Intensive Science and Virtual Philosophy*, Continuum, 2002 (Ch. 1-2)

Adrian Parr (ed.), *The Deleuze Dictionary* (entry "Virtual/Virtuality"), Columbia Univ. Press, 2005 (e)

W) Speculative Materialism (part II of II)

Manuel De Landa, *Intensive Science and Virtual Philosophy*, Continuum, 2002 (Ch. 4)

Gilles Deleuze, *Difference and Repetition*, Continuum, 1994 (pg. 262-304)

-- *A Thousand Plateaus: Capitalism and Schizophrenia*, Univ. of Minnesota Press, 1987 (w/ Felix Guattari) (pg. 3-25)

Recommended

Gilles Deleuze, *Bergsonism*, Zone Books, 1991

K. Abraham and C. Shaw, *Dynamics: The Geometry of Behavior* Volumes I-IV, Ariel Press, UC Santa Cruz

Itinerary

5/16. Towards a Speculative Materialist Theory of Capitalism (part I of II)

Presentations: \_\_\_\_\_

5/18. Towards a Speculative Materialist Theory of Capitalism (part II of II)

Presentations: \_\_\_\_\_