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ON THE VOLATILITY AS A DETERMINANT OF THE FINANCIAL CRISIS

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ABSTRACT: *The international financial system has achieved a radical change in the last twenty years. From the so called Commodity Exchange, which is recognized as the origin of the financial system and even of the derivative one by the economic literature since 1500, to Black & Scholes (1973a) and Merton's (1973b) differential equations, finance abandoned real assumptions taking up those of economic statistical probability. In particular the assumption of securitization, sponsored by the school of El Karoui, subtracted the Keynesian concept of speculation of normal balance I=S from that of mere financial profit. However so extreme changes have been possible thanks to decisions which allowed a regulated system to deregulate itself following the theory of economic liberalism.*
This work goes over the stages which have caused the international financial crisis by analysing it from a strictly technical point of view. In particular the establishment of the "securitized volatility" conditions of subprime mortgage had compelled the public opinion to move toward the need of going back to a regulation. This necessity led to modify the Basel protocols toward the so called Basel III which, instead, left the "market" free to create new and more dangerous short-term investment funds.

KEYWORDS: *volatility; regulation; uncertainty; financial crisis;*
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