

Microeconomics, Module 23: “Allocating Goods over Time”

Micro module 23: Readings for the eighth edition

(The attached PDF file has better formatting.)

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{The Landsburg textbook is excellent. We say to read certain sections and to skip others. This does not mean that certain sections are better; it means that the homework assignments and exam problems are based on the sections that you must read for this course. Some of the skipped sections are fascinating, but they are not tested.}

Section 17.1 explains elementary concepts: bonds, interest rates, present values, and the like; you can skip this section, since it has nothing that you don't already know. The corporate finance course covers these subjects in its early modules, and the subject is covered in depth on SOA Course FM (CAS Exam 2), “Interest Theory.” The final exam for this course does not test interest rates or present values.

Skip section 17.2; this section provides stories and examples relating to financial assets and the time value of money. They are good examples, but they are not tested on the final exam.

Read section 17.3 on pages 539-549, up to “Government debt revisited.” The remaining parts of this section are covered in Barro's Macroeconomics textbook.

This module is short; review the material from previous modules for the final exam.