

Microeconomics, Module 23: "Allocating Goods over Time"

*Micro module 23: Readings for the tenth edition*

(The attached PDF file has better formatting.)

{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 skipped sections are fascinating, but 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 the actuarial exams. 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. Focus on the marginal product of capital, the interest rate, and the demand for capital.

Answer end of chapter Review Questions R13, R14, R15.

Review end of chapter problems 15, 16, 26.