

## Microeconomics, Module 23: “Allocating Goods over Time”

*Required reading:*

(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.”

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

Read section 17.3 on page 567-573, and know the conclusion in light brown type on page 573. Skip the two examples on page 574.

Read changes in equilibrium on pages 575-578; Barro covers this material in greater depth, but Landsburg's writing is easier to read. Skip section 17.4; this is covered in Barro's text and need not be repeated here.

To be sure that you understand the material in this module, review problems 6 and 7 on page 587. You can post your answers on this discussion forum, to see if you agree with other candidates taking this course.