Economics 4905
Financial Fragility and the Macroeconomy
Cornell University
Fall 2015
Uris Hall 262
MW 2:55 PM to 4:10 PM

Instructor: Karl Shell
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Office Hours: Tuesdays 1:30pm to 2:30pm
Thursdays 2pm to 3pm

Prerequisites: Intermediate Macro or Accelerated Macro
Comfort with calculus

Requirements: 1 paper and/or 1 classroom presentation, problem sets,
participation, attendance, 1 prelim, no final

Assignments: On www.karlshell.com and Blackboard

First Reading List

Articles

Articles can be found at CU e-Library or at www.karlshell.com

From a Cornell computer, articles can also be read and downloaded through the
reading list posted on www.karlshell.com

Money & Finance

• Yves Balasko & Karl Shell, “Lump-Sum Taxation: The Static Economy,” in
General Equilibrium, Growth, and Trade: The Legacy of Lionel McKenzie, II.
(R. Becker, M. Boldrin, R. Jones, and W. Thomson, eds.) New York: Academic
Press (1993) 168-180

• Shell website section on Taxes Denominated in Money

Banking & Bank Runs


Overlapping Generations


• Paul A. Samuelson, “An Exact Consumption-Loan Model of Interest with or without the Social Contrivance of Money,” Journal of Political Economy, (December 1958) 467-482


Excess Volatility


Books:

Books are optional, but might be good sources for papers and presentations. Electronic versions can be purchased from Kindle.

• This Time is Different: Eight Centuries of Financial Folly, Carmen Reinhart & Kenneth Rogoff, Princeton University Press, 2009


• Understanding Financial Crises (Clarendon Lectures in Finance) Franklin Allen & Douglas Gale, Oxford University Press, 2009


• Five Years Later: On the Brink, A Look Back…, Henry M. Paulson Jr., Business Plus, 2013. Free on Kindle

• Misunderstanding Financial Crises: Why We Don’t See Them Coming, Gary B. Gorton, Oxford University Press, 2010
• Slapped by the Invisible Hand, The Panic of 2007, Gary B. Gorton, Oxford University Press, 2010

• A Demon of Our Own Design, Richard Bookstaber, Wiley, 2007

• Irrational Exuberance, Robert J. Shiller, Princeton University Press, 2005

• The Housing Boom and Bust, Thomas Sowell, Basic Books, 2009

• The World Depression, 1929-1939, Charles P. Kindleberger, University of California Press, 1973

• The Great Crash 1929, John Kenneth Galbraith, Houghton Mifflin, 1988

• Lombard Street, Walter Bagehot, Smith, Elder & Co., 1915 or later edition

• The South Sea Bubble, Viscount Erleigh, Greenwood Press ( & Peter Davies Limited), 1933