

Lecture 15, Slide 1

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Econ 4905, Fall 2016

Cornell University

Prelim #1

- **Monday, October 17, in Statler classroom 2:55 pm to 4:10 pm**
- Designed to be completed in 60 minutes, but you may take as long as 75 minutes.
- Write clearly in booklets. One booklet per question.
- Expect 3 20-minute questions chosen from:
 1. Outside Money
 2. Short essays
 3. Risk and insurance
 4. Banking and bank runs

Presentations

- See me!
- See the course assistants
- Relate to what we have learned in the course
- Focus on the economics –not the politics– of the question
- Avoid flashy PowerPoint
- NOT: Saw the movie, but did not read the book

Some Possible Presentation Topics

- The Eurozone
- Grexit from the EZ?
- Brexit from the EU!
- NOT: Baumol and transaction demand for money; taken!
- Possibly NOT: DD and the Glass-Steagall Bank; possibly taken?
- The IMF

Some Possible Presentation Topics, ctd.

- Financial instruments
- Derivatives
- Options
- Put and Calls
- MBS and tranches. See lecture notes of Alp Simsek
- Fed (and other central bank) balance sheets
- History of Panics in US and elsewhere
- History of Bubbles (relate to the course)
 - The South Sea Bubble is taken, others might be taken
- Sunspot equilibrium

Nobel Prizes

- **Bengt Holmstrom, MIT**
- **Oliver Hart, Harvard**
- **Contracts: Exactly what we are doing on DD and related bank runs**

Some Other News

- New regulations on money market funds likely to cause runs on funds. Already started.
- Pound sterling plunges, saving the UK economy