

This review sheet is intended to cover everything that could be on the exam. However, it is possible that I may have inadvertently overlooked something. You are still responsible for everything in the chapters covered except anything that I explicitly say you are not responsible for. Therefore, if I left something off of this sheet, it can still be on the exam. There will be no multiple-choice questions.

Most of the questions will be like the ones on the homework assignments, and possibly a few definition questions. I am more likely to ask questions that make you use definitions rather than have you recite them.

The optional review session for the final will be at a time to be determined in class on 12/10.

The final will be held 12/18 at 10:00 in the normal room.

When I write the final, I look to see what I did not ask about, and what were the major topics. I write questions about those topics. I try to get the questions evenly distributed from all the tests and chapter 18, with the points distributed by the amount of time spent on that chapter.

Chapter 18:

What are some of the problems with the Walrasian assumptions? Why might notional demand not equal effective demand? Why would that cause problems? Do not worry about how to spell Clower-Leijonhufvud. What does it mean that uncertainty is statistically predictable? Why is it that important? How has the “use” or “value” of money changed since it is an institution? Why might it matter if there are other institutions other than the market? Do not worry about Minsky’s criticism, but understand his four parts of the cycle on pages 688 - 690.

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Non-graded assignment based upon chapter 18.

- 1) (15 points) What is meant by the Walrasian assumption of *no false trading*? Why is it invalid?
- 2) (25 points) What does it mean that uncertainty is statistically predictable? Why is it invalid? Why is that important?
- 3) (15 points) Do you agree that money has become the *ultimate good*? Explain your logic.
- 3B) (15 points) Would there be countries for which it is not the ultimate good? Explain your logic.
- 4) (30 points) Is Minsky’s views closer to the Neo-classical school or the Neo-Keynesian school? Explain your logic mentioning two aspects of his theory.