Week of June 1st

BRYAN PRATT
ECON 125 – SPRING 2015
Auction Rate Securities

- Sold via Dutch Auction
  - Dutch Auction: auctioneer starts at some upper bound price and lowers the price until a bidder puts in a bid
- Guarantees lowest yield that will clear the market
  - Yield is the return
  - Return is bond payment (payout) divided by the price, so guaranteeing the highest price guarantees the lowest yield
  - Implication: bond issuer gets to borrow at minimum cost that will clear the market
Government Response to Crises
Great Depression and Great Recession

- **2008:**
  - Bush, TARP
  - Obama, ARRA
  - Monetary policy and the zero lower bound

- **Great Depression**
  - **WPA**, FERA, CCC, AAA, CWA, PWA, TVA [Fiscal]
  - Glass-Steagall/US Banking Act, SEC, FHA, FDIC [Macro-Prudential]
  - Monetary policy and the gold standard
  - NLRB, CAA, FCC
Talk to me in person if you want to know more about:

- How the IMF works and how IMF loans work
- Argentina, its economy/economic history, and defaulting on sovereign debt