

Macroeconomics A: EI056

Quizz

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1 Role of financial intermediation

Question: Why are financial intermediaries needed?

2 Limits to interest rate movements

Question: Why can adverse selection or moral hazard prevent interest rates to be high enough to clear the credit market?

3 Financial accelerator

Question: How does the financial accelerator work?

4 Bank runs

Question: Why can self-fulfilling bank runs happen? What is the policy that can prevent them?