

THE FORMULA THAT KILLED WALL STREET

MAT 322-01, FALL 2012

1. WHAT IS TO BE DONE

You are to assess the role of mathematics and mathematical modeling in the onset of the 2008 financial crisis. Felix Salmon's article "Recipe for Disaster: The Formula That Killed Wall Street" may be helpful to you as you start your thinking on the issue, but you will probably find it helpful to seek alternate opinions, as well.

Just as juries are often asked, in cases that may involve contributory negligence, to quantify responsibility with percentages, you are to give a number, from 0 to 100 inclusive, indicating the percentage of responsibility for the crisis borne by mathematics. You must also, of course, justify your determination.

2. DUE DATE

Your report is to be submitted to me by September 27.

3. GRADING

In addition to the usual criteria, I will assess the following content questions:

- (1) Does the report indicate a percentage of responsibility well-justified by the arguments in the paper?