Econ 182

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Book: Krugman + Obstfeld, "International Economics"

Grades: Problem Sets 20%
Midterm 40%
Final 40%

TAs: 1.) Congyan Tan
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2.) Oleksiy Shvets
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Economics

Microeconomics

Households
Firms
Industries
Pricing + Strategy

International Trade

Gains from Trade
Pattern of Trade
Trade Policy

Flexible Prices (Long-Run)
Resources fully employed

Macroeconomics

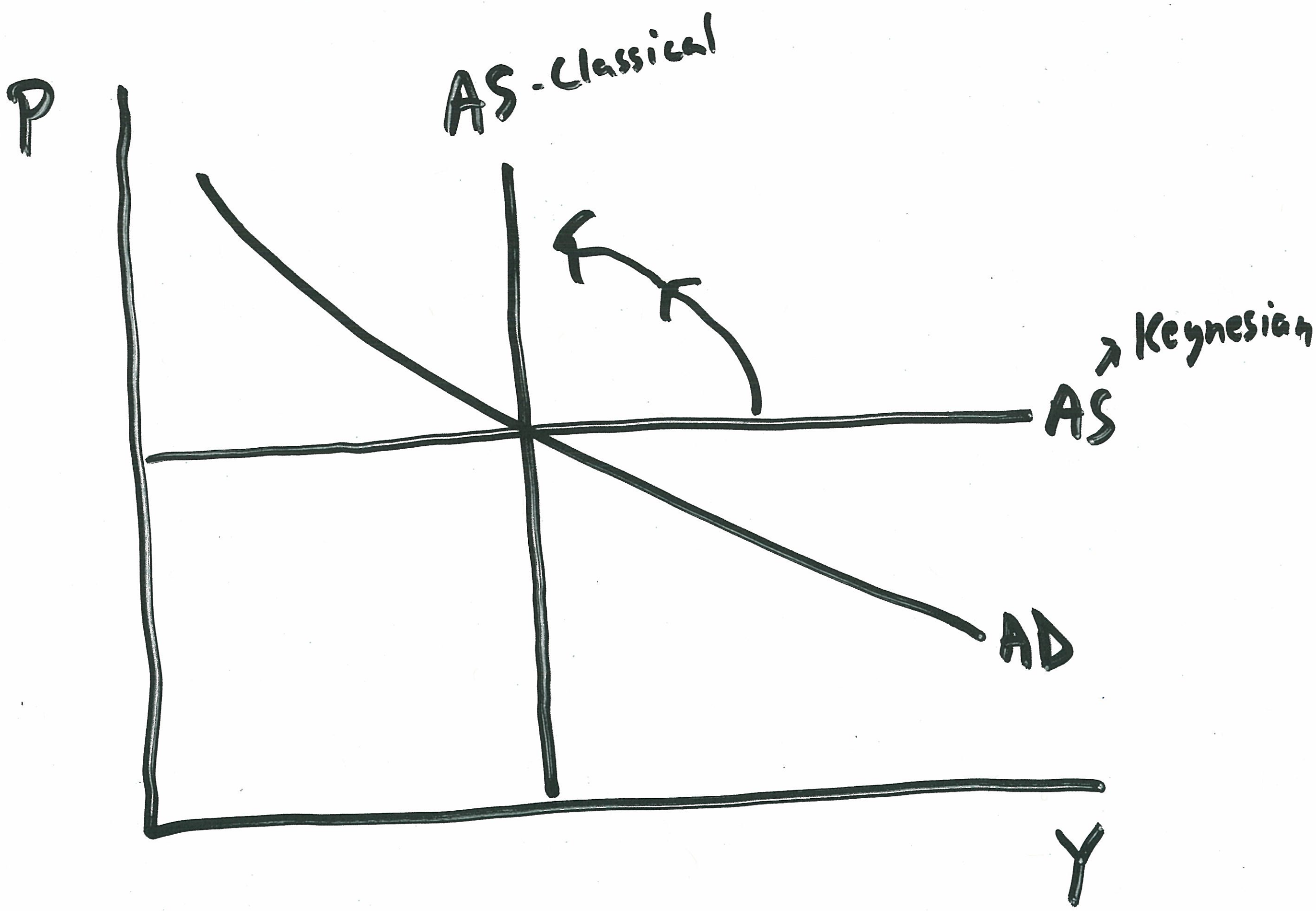
Growth
Business Cycles
Income Distribution

International Finance

Exchange Rates
Trade Balances
Monetary + Fiscal Policies

"Sticky" Prices (Short-run)
Resources temporarily unemployed.

Crash Course on Macroeconomic Debates



Some Questions

1.) What determines exchange rates?

2.) Why do they fluctuate so much?

3.) Should governments attempt to "fix" their exchange rates?

4.) Should governments give up their own currency altogether and join a Monetary Union?

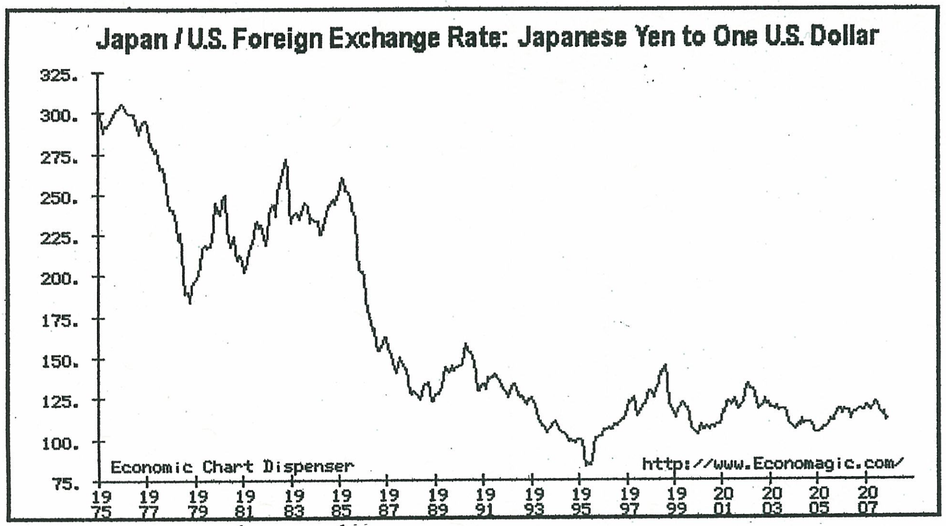
5.) Are trade deficits good or bad? What does the answer depend on?

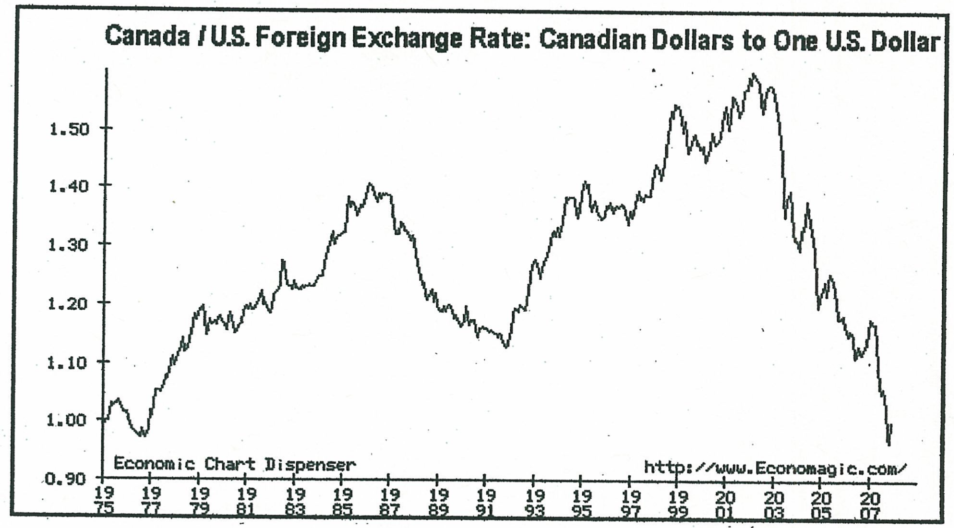
6.) How are shocks transmitted across countries? Does it depend on whether ex. rates are fixed or flexible?

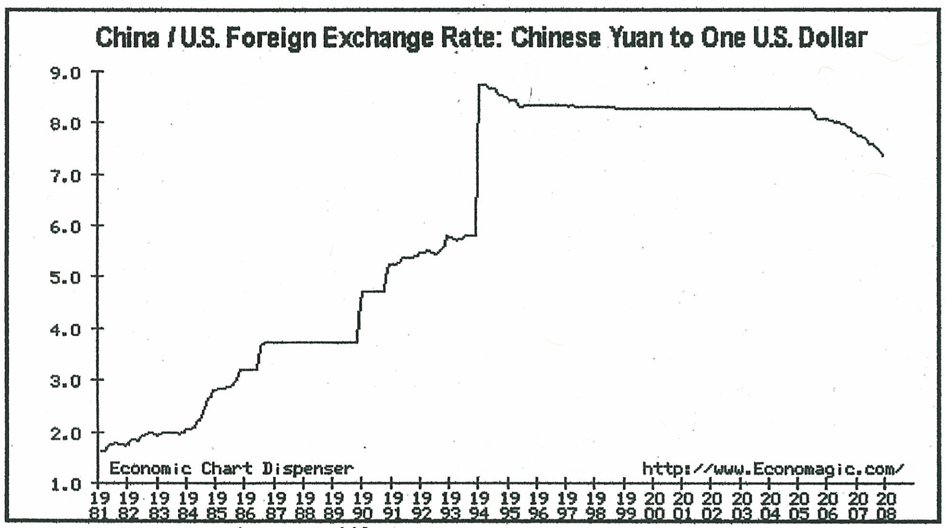
7.) Should countries attempt to coordinate their macroeconomic policies?

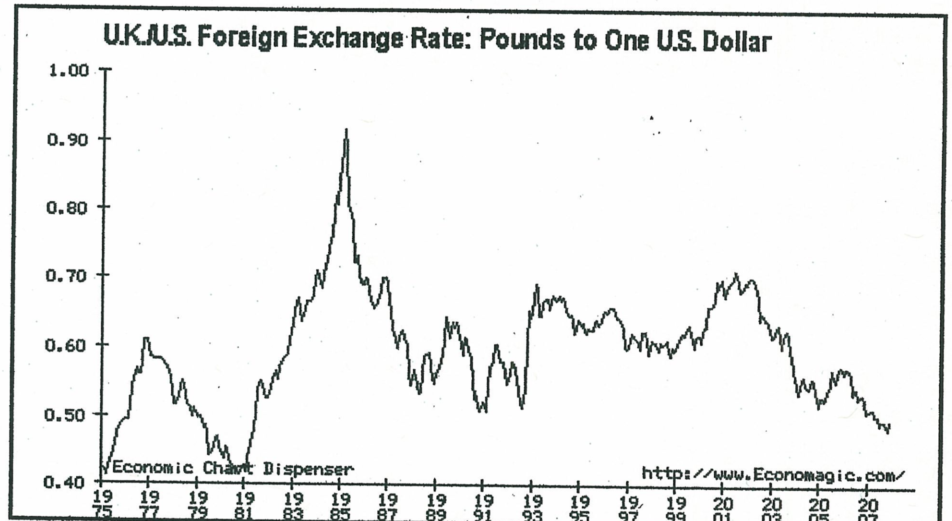
8.) What caused the "Asian Crisis"? Why are fixed exchange rates subject to "speculative attacks"?

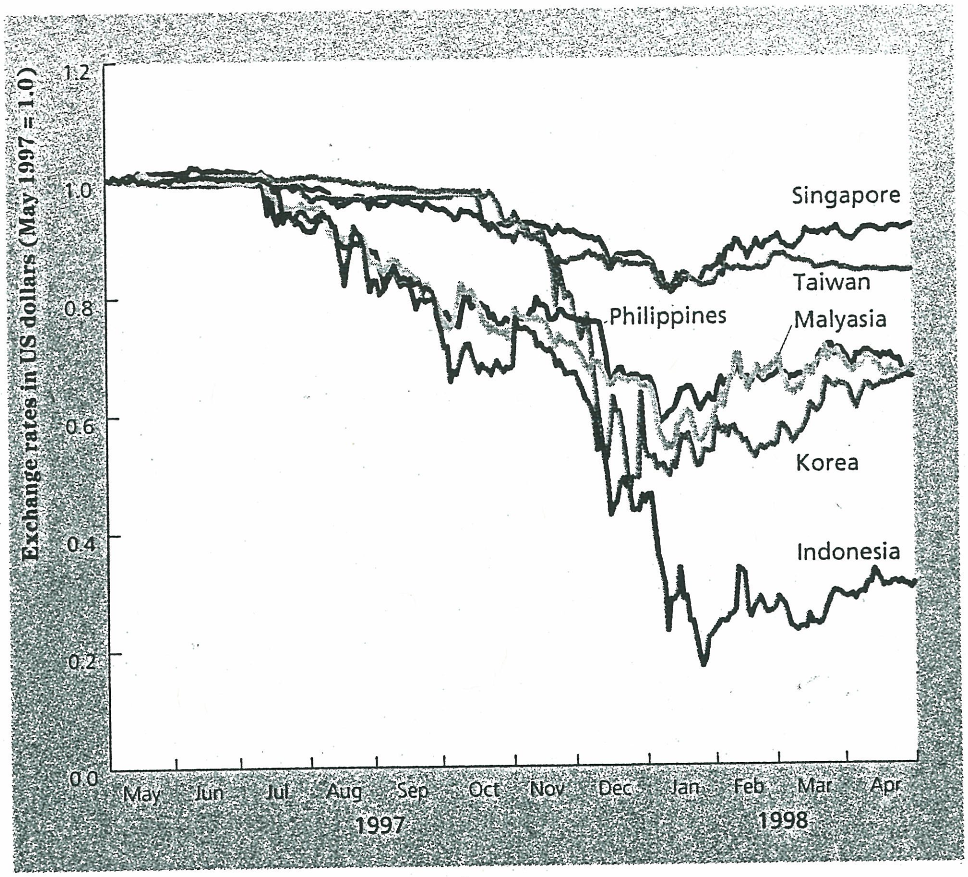
9.) Should countries allow international capital to flow into and out of their country unimpeded, or, should they try to "control" capital flows?

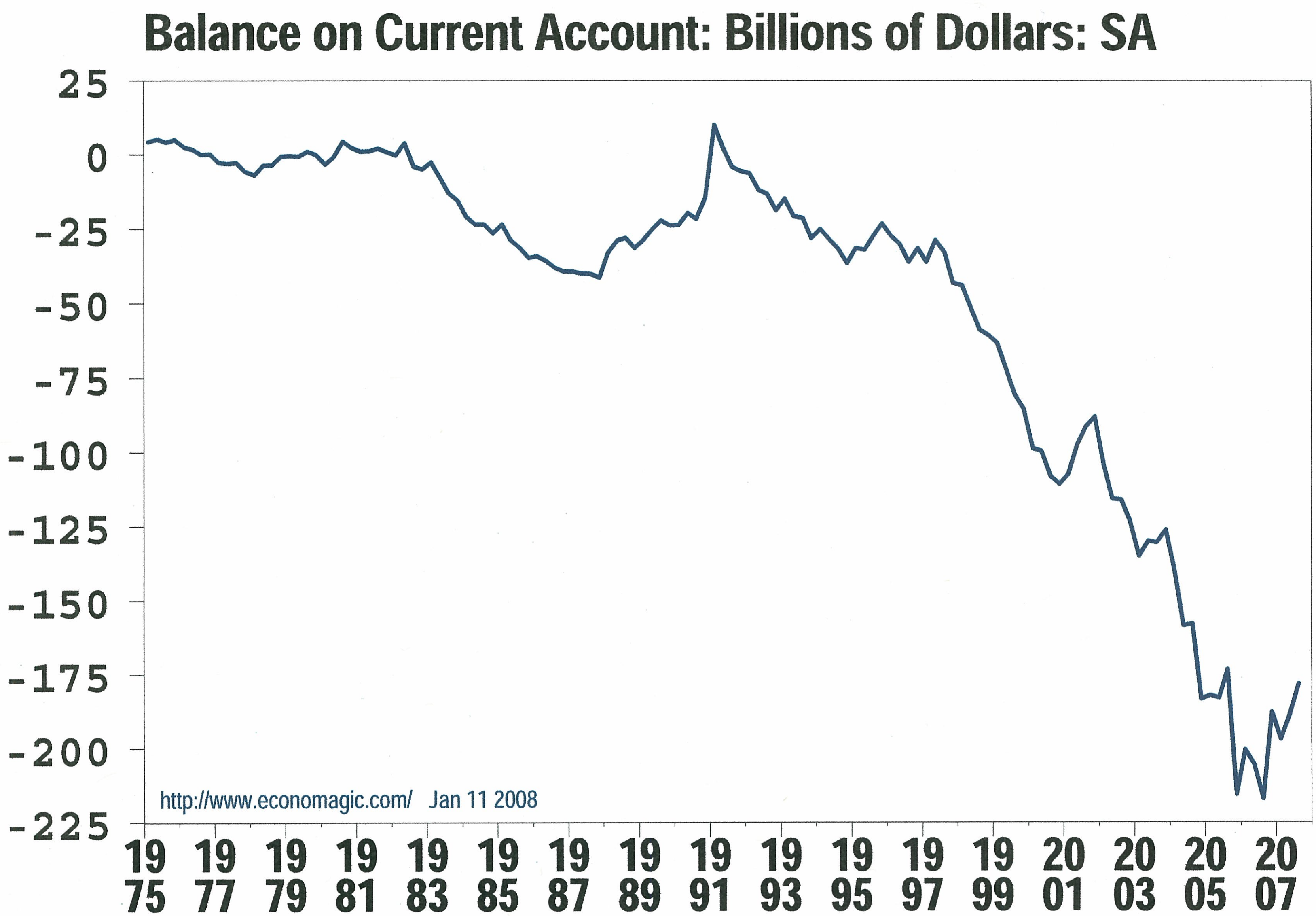

Japan / U.S. Foreign Exchange Rate: Japanese Yen to One U.S. Dollar
325.
300.
275.
250.
225.
200.
175.
150.
125.
100.
75.
Economic Chart Dispenser
http://www.Economagic.com/
19 75 19 77 19 79 19 81 19 83 19 85 19 87 19 89 19 91 19 93 19 95 19 97 19 99 20 01 20 03 20 05 20 07


Canada / U.S. Foreign Exchange Rate: Canadian Dollars to One U.S. Dollar
1.50
1.40
1.30
1.20
1.10
1.00
0.90
Economic Chart Dispenser
http://www.Economagic.com/
19 75 19 77 19 79 19 81 19 83 19 85 19 87 19 89 19 91 19 93 19 95 19 97 19 99 20 01 20 03 20 05 20 07


China / U.S. Foreign Exchange Rate: Chinese Yuan to One U.S. Dollar
9.0
8.0
7.0
6.0
5.0
4.0
3.0
2.0
1.0
Economic Chart Dispenser
http://www.Economagic.com/
19 81 19 82 19 83 19 84 19 85 19 86 19 87 19 88 19 89 19 90 19 91 19 92 19 93 19 94 19 95 19 96 19 97 19 98 19 99 20 00 20 01 20 02 20 03 20 04 20 05 20 06 20 07 20 08

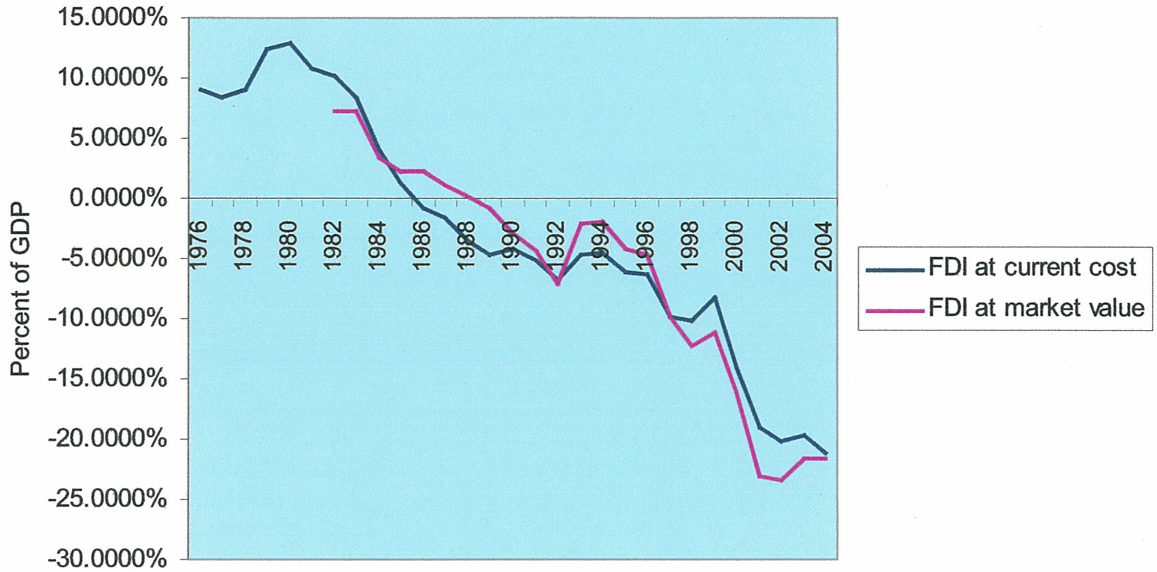

U.K./U.S. Foreign Exchange Rate: Pounds to One U.S. Dollar
1.00
0.90
0.80
0.70
0.60
0.50
0.40
Economic Chart Dispenser
http://www.Economagic.com/
19 75 19 77 19 79 19 81 19 83 19 85 19 87 19 89 19 91 19 93 19 95 19 97 19 99 20 01 20 03 20 05 20 07


Exchange rates in US dollars (May 1997 = 1.0)
1.2
1.0
0.8
0.6
0.4
0.2
0.0
Singapore
Taiwan
Philippines
Malyasia
Korea
Indonesia
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
1997
1998



Balance on Current Account: Billions of Dollars: SA
25
0
-25
-50
-75
-100
-125
-150
-175
-200
-225
19 75
19 77
19 79
19 81
19 83
19 85
19 87
19 89
19 91
19 93
19 95
19 97
19 99
20 01
20 03
20 05
20 07
http://www.economagic.com/ Jan 11 2008

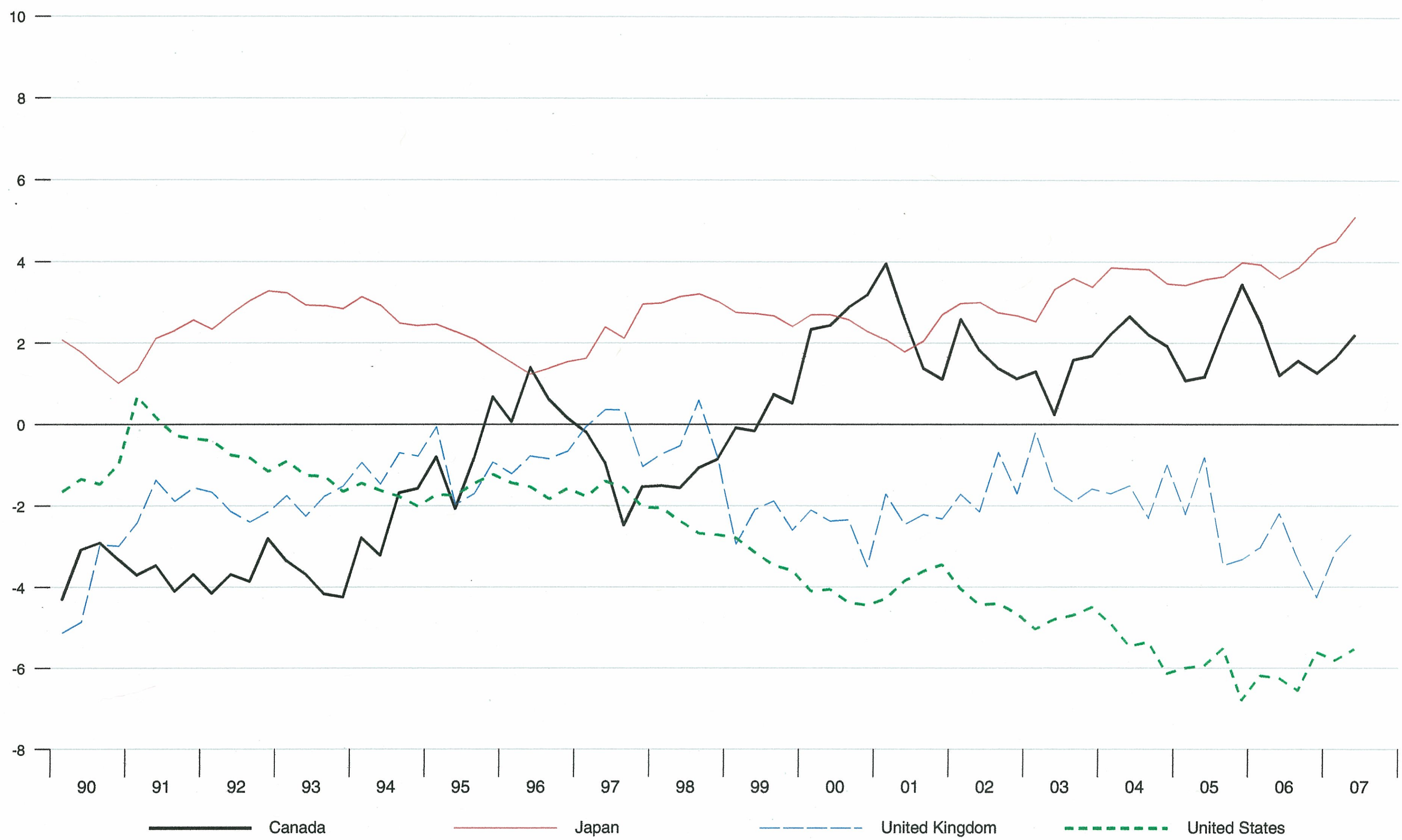
Figure 2: U.S. Net International Investment Position, 1976-2004



Source: BEA

Current Account Balance for Canada, Japan, United Kingdom, and United States

Percent of GDP



Real Gross Domestic Product for Canada, Japan, United Kingdom, and United States

Percent change from year ago