Econ 182

Ken Kasa
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Office Hours: Tuesday 3:30 - 4:30
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Book: Krugman + Obstfeld, "International Economics"

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

TAs: 1.) Congyan Tan [ctan@econ.berkeley.edu]
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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

P

AS - Classical

AD

Keynesian

Y
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?
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

Canada
Japan
United Kingdom
United States