REMINDER: The final exam is cumulative, so please review the study guides for Midterms 1 and 2 in addition to this.

Lecture 18
How have net exports for the United States been changing over time?
Is the United States a relatively open or relatively closed economy? Why?
With which country does the United States have the largest bilateral trade deficit?
What category does the United States import most from China?

Lecture 19
What is the “international allocation puzzle”? What are some possible explanations?
What is the difference between “absolute advantage” and “comparative advantage”?
What are “classical gains from trade”?
In a case with two goods, how do you determine who has a comparative advantage?
How does comparative advantage determine the pattern of trade?
What are “gains from variety”?
What are “pro-competitive effects”?

Lecture 20
What is the relationship between interest rates and net capital outflow?
What events shift net capital outflow, savings, investment and net exports? How do these affect interest rates, exchange rates, net exports and net capital outflows?
What is “capital flight”?
In Mexico in 1994, what effects did capital flight have on the economy?
What are “pegged” and “floating” exchange rates?
Lecture 21

What was the original purpose of the Euro?

What was the effect of adoption of the Euro in the period before the crisis?

What was the original cause of the crisis?

What happened to interest rates in Europe between 1999 and 2007?

What happened to debt levels during the crisis?

What happened to “spreads” on governments bonds during the crisis?

How did the UK avoid the worst effects of the crisis?

What is the parallel that Thomas Sargent sees between the Eurozone today and the United States in the Revolutionary War period?

What solution did the US have to its debt crisis in the 1780s?

Why did the US government not bail out the states in the 1840s?

Homework questions:

14.1: 1, 2, 4, 6, 8, 11

14.2-14.3: 1, 5, 6, 8, 9, 12

15.1-15.2: 1, 2, 4, 6, 9

15.3-15.4: 1, 2, 6, 8, 12, 15