OPTIONAL INSURANCE ASSIGNMENT

NOTICE: This assignment MUST be received on or before ____________________________.

The value of this OPTIONAL individual assignment will depend on the score of your final exam as follows:

90 - 100+: 2 points; 85 - 89: 3 points; 80 - 84: 4 points; 75 - 79: 5 points; 70 - 74: 6 points;
65 - 69: 7 points; 60 - 64: 8 points; 55 - 59: 9 points; 0 - 54: 10 points;

On separate sheets of paper, please clearly answer the following questions to the best of your own ability and in your own words. Be sure to show your work on all mathematical problems. You may consult your textbook & class notes for assistance in this effort.

2. What is meant by rational expectations? Real business cycle theory?
3. What is meant by hysteresis? Which branch of economics is associated with it?
4. Which variables are considered to be real variables (as opposed to nominal variables)?
5. What is the "belge book"? "the Fed"? "BUBBA"? "BOJ"? "EMU"?
6. Using two currencies such as the franc and the peso, illustrate the relationship between the two international money markets: peso/franc & franc/peso.
7. What is David Hume's gold theory? How does this theory relate to "mercantilism"?
8. Which economist is most closely associated with the concept of "absolute advantage"?
9. Which economist is most closely associated with the concept of "comparative advantage"?
11. In what three ways does international trade differ from trade at any other level?
12. What is meant by Purchasing Power Parity? The Nike Index?
13. What is meant by the current account? Capital account?
14. Illustrate the following four cases of international trade: closed economy, open economy, tariff, & quota.
15. What is meant by "arbitrage"? Triangular arbitrage?
16. Suppose that France can produce 150 televisions at one extreme of its PPF or 50 mini vans at the other extreme of its PPF; meanwhile Guatemala can produce 80 televisions at one extreme of its PPF or 20 mini vans at the other extreme of its PPF. What are the "limits of the terms for trade"?
17. What is meant by an "exchange rate"? Implicit exchange rate?
18. What does the slope of the production possibilities frontier (PPF) reveal?
19. What causes a production possibilities frontier (PPF) to shift to the right?
20. How do you calculate the "gains from trade"? "the limits on the terms of trade"?
21. Using PPF's, give an example where it does not make sense for two nations to trade.
22. What is meant by seigniorage in terms of international trade?
23. What is meant by a "stock" concept? Give your own example.
24. Illustrate a Laffer Curve. Which branch of economics is associated with the "Laffer Curve"?
25. What are the functions of the Fed? Who are the members of the F.O.M.C.?
26. Illustrate the J-curve. What does it demonstrate?
27. How many district banks are in the Federal Reserve System? Branch banks?
28. What is meant by an "appreciation of the yen in terms of the dollar"?
29. Suppose that one dollar trades for 150 yen, and 300 yen trades for seven francs. What is the implicit exchange rate between dollars and francs?
30. What is meant by the "Bretton Woods" agreement? When did it begin? When did it end?
31. What are the three types of exchange rate regimes? Which one applies to the U.S. today?
32. What factors cause the demand for dollars to shift to the right in the international money market?
33. What is meant if a member of the F.O.M.C. is described as being "dovish"? "hawkish"?
34. What is meant by Ricardian equivalence? Crowding out? "twin deficits anomaly"?
35. What are the arguments (pro & con) related to protectionism?
36. What are two creations of the Bretton Woods Agreement which still exist today?
37. What are the 4 C's of banking?
38. What are the 4 tools of the Fed? How do these tools raise (or lower) the money supply?
39. What are the major functions of the Fed? Does the Fed compete with private commercial banks?
40. Which Fed District Bank is most relevant to UTA students? What states are represented by this bank?
41. How do T-Bills, T-Bonds, & T-Notes differ?
42. What is meant by the expression "sold on a discounted basis"?
43. Which cities in the 11th District have Fed Branch banks?
44. Which economist represented England at the Bretton Woods Conference?
45. "Inflation is always and everywhere a monetary phenomenon" Who said it and what does it mean?
46. Who advocated a 100% reserve requirement for commercial banks? What is the implication of that policy?
47. What is the date & time of the FINAL EXAM? When is this optional assignment due?