



INTERNATIONAL ECONOMICS

EIGHTH EDITION

DENNIS R. APPLEYARD

DAVIDSON COLLEGE

ALFRED J. FIELD, JR.

UNIVERSITY OF NORTH CAROLINA
AT CHAPEL HILL



**McGraw-Hill
Irwin**

ABOUT THE AUTHORS

Dennis R. Appleyard

Dennis R. Appleyard is James B. Duke Professor of International Studies and Professor of Economics, Emeritus, Davidson College, Davidson, North Carolina, and Professor of Economics, Emeritus, University of North Carolina at Chapel Hill. He attended Ohio Wesleyan University for his undergraduate work and the University of Michigan for his Master's and Ph.D. work. He joined the economics faculty at the University of North Carolina at Chapel Hill in 1966 and received the universitywide Tanner Award for "Excellence in Inspirational Teaching of Undergraduate Students" in 1983. He moved to his position at Davidson College in 1990 and retired in 2010. At Davidson, he was Chair of the Department of Economics for seven years and was Director of the college's Semester-in-India Program in fall 1996 and fall 2008, and the Semester-in-India and Nepal Program in fall 2000. In 2004 he received Davidson's Thomas Jefferson Award for teaching and service.

Professor Appleyard has taught economic principles, intermediate microeconomics, intermediate macroeconomics, money and banking, international economics, and economic development. His research interests lie in international trade theory and policy and in the Indian economy. Published work, much of it done in conjunction with Professor Field, has appeared in the *American Economic Review*, *Economic Development and Cultural Change*, *History of Political Economy*, *Indian Economic Journal*, *International Economic Review*, *Journal of Economic Education*, and *Journal of International Economics*, among others. He has also done consulting work for the World Bank, the U.S. Department of the Treasury, and the Food and Agriculture Organization of the United Nations (in Islamabad, Pakistan). Professor Appleyard always derived genuine pleasure from working with students, and he thinks that teaching kept him young in spirit, since his students were always the same age! He is also firmly convinced that having the opportunity to teach others about international economics in this age of growing globalization is a rare privilege and an enviable challenge.

Alfred J. Field, Jr.

Alfred J. Field is a Professor of Economics, Emeritus, at the University of North Carolina at Chapel Hill. He received his undergraduate and graduate training at Iowa State University and joined the faculty at Carolina in 1967. Field taught courses in international economics and economic development at both the graduate and undergraduate level and directed numerous Senior Honors theses and Master's theses. He served as principal member or director of more than 100 Ph.D. dissertations, duties that he continued to perform after retirement in 2010. In addition, he has served as Director of Graduate Studies, Associate Chair/Director of the Undergraduate Program in Economics, and Acting Department Chair. In 1966, he received the Department's Jae Yeong Song and Chunuk Park Award for Excellence in Graduate Teaching, and in 2006 he received the University of North Carolina at Chapel Hill John L. Sanders Award for Excellence in Undergraduate Teaching and Service. He also served on the Advisory Boards of several university organizations, including the Institute for Latin American Studies.

Professor Field's research encompassed the areas of international trade and economic development. He has worked in Latin America and China, as well as with a number of international agencies in the United States and Europe, primarily on trade and development policy issues. His research interests lie in the areas of trade policy and adjustment and development policy, particularly as they relate to trade, agriculture, and household decision making in developing countries. Another of Field's lines of research addressed trade and structural adjustment issues in the United States, focusing on the textile and apparel industries and the experience of unemployed textile and apparel workers in North Carolina during the 1980s and 1990s. He maintains an active interest in theoretical trade and economic integration issues, as well as the use of econometric and computable general equilibrium models in analyzing the effects of trade policy, particularly in developing countries.

PREFACE

It is our view that in a time of dramatic increase in globalization and high interrelatedness among countries, every student should have a conscious awareness of “things international.” Whether one is studying, for example, political science, sociology, chemistry, art, history, or economics, developments worldwide impinge upon the subject matter of the chosen discipline. Such developments may take the form of the discovery of a new compound in Germany, an election result in Greece, a new oil find in Mexico, formation of a new country in Africa, a startling new political/terrorist/military development in Pakistan or Syria, or a change in consumer tastes in China. And, because information now gets transmitted instantaneously across continents and oceans, scientists, governments, firms, and households all react quickly to new information by altering behavior in laboratories, clinics, legislative processes, production and marketing strategies, consumption and travel decisions, and research projects. Without keeping track of international developments, today’s student will be unable to understand the changing nature of the world and the material that he or she is studying.

In addition to perceiving the need for international awareness on the part of students in general, we think it is absolutely mandatory that students with an interest in economics recognize that international economic events and the international dimensions of the subject surround us every day. As we prepared to launch this eighth edition of *International Economics*, we could not help noting how much had changed since the initial writing for our first edition. The world has economically internationalized even faster than we anticipated more than 20 years ago, and the awareness of the role of international issues in our lives has increased substantially. Almost daily, headlines focus on developments such as the increased problems facing monetary union in Europe and the euro; proposed policies of erecting additional trade barriers as a protective response to worldwide economic weakness; increased integration efforts such as the emerging Trans-Pacific Partnership; and growing vocal opposition and hostility in many countries to the presence of large and increasing numbers of immigrants. Beyond these broad issues, headlines also trumpet news of the U.S. trade deficit, rising (or falling) gasoline prices, the value of the Chinese renminbi yuan, and outsourcing to call centers in India. In addition, as we write this edition, the world has become painfully aware that increased globalization links countries together strongly in times both of recession and prosperity.

The growing awareness of the importance of international issues is also in evidence in increased student interest in such issues, particularly those related to employment, international working conditions, and equity. It is thus increasingly important that individuals have a practical working knowledge of the economic fundamentals underlying international actions to find their way through the myriad arguments, emotions, and statistics that bombard them almost daily. Young, budding economists need to be equipped with the framework, the tools, and the basic institutional knowledge that will permit them to make sense of the increasingly interdependent economic environment. Further, there will be few jobs that they will later pursue that will not have an international dimension, whether it be ordering components from a Brazilian firm, traveling to a trade show in Malaysia, making a loan for the transport of Caspian Sea oil, or working in an embassy in Quito or in a medical mission in Burundi.

Thus, the motive for writing this edition is much the same as in earlier editions: to provide a clear and comprehensive text that will help students move beyond simple recognition and interest in international issues and toward a level of understanding of current and future international developments that will be of use to them in analyzing the problem at hand and selecting a policy position. In other words, we seek to help these scholars acquire the necessary human capital for dealing with important questions, for satisfying their intellectual curiosity, and for providing a foundation for future on-the-job decisions.

We have been very flattered by the favorable response to the previous seven editions of our book. In this eighth edition, we continue to build upon the well-received features to develop a text that is even more attuned to our objectives. We have also continued to attempt to clarify our presentation of some of the more difficult concepts and models in order to be more student-friendly.

IMPROVEMENTS AND SPECIFIC CHAPTER CHANGES

In this edition, as usual, we have attempted to provide current and timely information on the wide variety of international economic phenomena. New boxes have been added and previous ones modified to provide up-to-date coverage of emerging issues in the global economy. The text includes such matters as recent developments in U.S. trade policy, major changes in the European Union and implications of the recent

worldwide financial crisis/recession. We should note that, in the monetary material, we continue to maintain our reliance on the *IS/LM/BP* framework for analyzing macroeconomic policy because we believe that the framework is effective in facilitating student understanding and because that material was favorably received by users of the earlier editions. We also continue to incorporate key aspects of the asset approach into the *IS/LM/BP* model.

Particular mention should be made of the fact that, in this edition, we have continued to employ Learning Objectives at the beginning of each chapter to orient the reader to the central issues. This text is comprehensive in its coverage of international concepts, and the Learning Objectives are designed to assist the instructor with the choice of chapters to cover in designing the course and to assist the students in focusing on the critical concepts as they begin to read each chapter. Because of the positive response to the opening vignettes in recent editions, we have retained and updated them in this edition to focus on the real-world applicability of the material.

We have continued to use the pedagogical structure employed in the seventh edition. As in that edition, the “In the Real World” boxes are designed to provide examples of current international issues and developments drawn straight from the news that illustrate the concepts developed in the chapter. We have added, updated or deleted boxes where appropriate. In situations where particularly critical concepts would benefit from further elaboration or graphical representation, we have continued to utilize “Concept” boxes.

Generally speaking, in each chapter we edited and updated textual material, in addition to the specific changes listed below. Also, where appropriate, we have deleted outdated or overly technical material, and these deletions are not included in this list.

Chapter 1

- Updating of all tables and related discussion pertaining to world, regional, and U.S. trade value, composition, and structure.

Chapter 2

- Addition of new material to the “In the Real World” box on present-day Mercantilism.

Chapter 3

- Updating of the “In the Real World” box on countries with highly concentrated export bundles and the particular leading commodities in those bundles.

Chapter 4

- Updating and provision of new material on freight rates for shipment of various commodities and on the “freight and insurance factor” difference between c.i.f./f.o.b. prices for various countries’ import bundles.
- A new, updated graph on steel industry productivity.
- An updated graph of U.S. steel import penetration ratios over time.
- A new “In the Real World” box on how exporting can lead to higher industry productivity, drawing on recent studies of nine African countries and Slovenia.

Chapter 5

- Updating of the “In the Real World” box on U.S. consumer expenditure patterns since 1960 to include 2010 data.

Chapter 6

- Brief acknowledgment of the fact that, although micro trade theory and analysis assume that

resources are fully employed, such has not been the situation in recent years; nevertheless, the basic case for engaging in international trade still holds.

Chapter 7

- Updating of information contained in “In the Real World” boxes showing the commodity terms of trade and income terms of trade of major groups of countries since 1973.

Chapter 8

- Updating of data in an “In the Real World” table showing capital/labor, capital/land, and labor/land ratios in six countries.

Chapter 9

- Fuller explanation of the implications of factor-intensity reversals for the theoretical validity of the Heckscher-Ohlin theorem.
- A new “In the Real World” box providing details of two recent empirical papers that assess the relative contribution of Heckscher-Ohlin compared with other theories as an explanation of real-world trade patterns.
- Updating of information on growing income inequality, especially in the United States; introduction of recent wealth data in addition to recent income data.

Chapter 10

- Distinguishing between outsourcing and offshoring.
- New literature references throughout the chapter where appropriate.
- Reorganization of section on post-Heckscher-Ohlin theories; addition of new section on multi-product exporting firms.

Chapter 11

- Updating of data on factor endowments in selected countries to include 2010.
- Updating of “In the Real World” box on the terms of trade of Brazil, Jordan, Morocco, and Thailand.

Chapter 12

- Updating of opening vignette on foreign direct investment (FDI) in China.
- Updating of data on worldwide FDI, U.S. FDI abroad, and foreign FDI in the United States
- Updating of tables on the world’s largest corporations and largest banks.
- Updating of an “In the Real World” box on the determinants of FDI; updating of data on worldwide labor migration, including the material in the “In the Real World” box on immigration to the United States.
- Updating of data on immigrants’ remittances worldwide.
- A new “In the Real World” box on the relationship between immigration to a country and that country’s trade pattern.

Chapter 13

- Updating to 2012 of the tables on U.S. tariff rates and countries receiving Generalized System of Preferences treatment from the United States.
- New information on nominal and effective tariff rates for the European Union’s agricultural sectors.
- A new “In the Real World” box on recent nominal and effective tariff rates in Egypt and Vietnam.
- Updating of the “In the Real World” box that discusses trade controls in Australia, El Salvador, and Pakistan.
- A new table showing the domestic price impacts of the existence of tariffs and nontariff barriers on food and agricultural products in several developed countries.

Chapter 14

- Inclusion of new estimates of the potential impact on world welfare of the removal by eight developed countries of tariff and non-tariff barriers to trade in food products.
- Inclusion of new estimates by the U.S. International Trade Commission of the welfare impact of removing significant U.S. import barriers.

Chapter 15

- Updating of data, including data on government revenues obtained from tariffs in a variety of countries and of information pertaining to the number of anti-dumping duties and

countervailing duties in place in the United States against imports.

- Inclusion of recent information on the Boeing–Airbus rivalry.

Chapter 16

- Presentation of new information on the attitudes of citizens of the United States and a variety of other countries toward international trade.
- Discussion of recent developments in the World Trade Organization multilateral trade negotiations and in U.S. international trade policy.

Chapter 17

- Inclusion of recent developments in the European Union and in the East African Community.
- Introduction of new material on Canada’s movement toward forming free-trade pacts with other countries.
- Considerable change in the treatment of the effects on trade and on the partner countries of the implementation of the North American Free Trade Agreement.
- Revision of material on the United States/Central American–Dominican Republic Free Trade Agreement.
- Introduction of new material on the 2011 free-trade agreements of the United States with Colombia, South Korea, and Panama; introduction of material on the Trans-Pacific Partnership.
- Updating of material on the Free Trade Area of the Americas and on Chile’s many free-trade agreements.

Chapter 18

- Updating of information on the contrasting characteristics of emerging/developing countries and developed countries.
- Introduction of new material on the Fair Trade Movement.
- Introduction of new empirical material regarding the relationship of growth in trade with economic growth in developing countries.
- Updating of data pertaining to the external debt problems of emerging and developing countries.

Chapter 19

- Updating of tables and data throughout the chapter, including balance-of-trade deficits with China and leading trading partners and the international investment position of the United States.
- Introduction of new material on the size of the global daily foreign exchange market.
- Change in presentation of balance-of-payments accounting entries to conform more closely with current official presentations.

Chapter 20

- Updating of numerical examples and tables throughout the chapter.
- New case study of the nominal and real exchange rate behavior of the Canadian dollar relative to the U.S. dollar.
- Updating of graph showing the nominal and real effective exchange rates of the U.S. dollar through 2011.
- Updating of the graphs showing spot and purchasing-power-parity (PPP) exchange rates of the U.S. dollar relative to the euro and the UK pound through 2011.
- Updating of discussion in Concept Boxes on currency futures and futures options.
- Addition of material on the “carry trade” pertaining to foreign exchange markets and money markets.

Chapter 21

- Updating of information and discussion of international bank lending, international bond markets, and size and growth of financial derivatives.
- Updating discussion in Concept Boxes on interest rate futures and interest rate futures options.
- Presentation of new data on nominal and real interest rates in 24 countries and in graphs of U.S. and LIBOR deposit and lending rates.

Chapter 22

- Updating and condensation of information on the Federal Reserve balance sheet and the money supply.
- Updating of information in an “In the Real World” box on money, prices, and exchange rates in Russia.
- Discussion of four recent papers on the testing of the monetary approach and the portfolio balance approach to the balance of payments and the exchange rate.

Chapter 23

- Provision of new information on real-world estimates of import and export demand elasticities.
- Introduction of recent information pertaining to the J curve.

Chapter 24

- Updating of data on the average propensities to import of Canada, France, Japan, the United Kingdom, and the United States.
- Introduction of a new “In the Real World” box on the tendency of industrial countries’ GDP movements to become more highly correlated over the long run than in the short run.
- Expanded discussion of fiscal policy’s income effects, taking into account feedback loops from trading partners.
- A new discussion of increased synchronization of business cycles across countries since 2007.

Chapter 25

- Inclusion of a brief consideration of real-world government expenditure multipliers in the context of the *IS/LM/BP* model.
- Addition of new graph and textual material to illustrate, using the *IS/LM/BP* analysis, Greece’s recent fiscal difficulties.
- Updated data on the extent of foreign exchange restrictions in IMF countries.

Chapter 26

- General updating of discussion and data throughout the chapter.
- Addition of material on current economic events at several points in the chapter.
- Introduction of a new “In the Real World” box on perceived increased economic instability in Europe and its impact on the United States, using the *IS/LM/BP* framework.
- Reworking and updating of the “In the Real World” box on policy coordination among developed countries.

Chapter 27

- Updating of information on actual and natural levels of U.S. GDP, actual and natural levels of unemployment, and U.S. inflation rates.
- Inclusion of recent research results comparing the impact of government expenditures on income under fixed and flexible exchange rates.
- Interpretation of the recent financial crisis in the United States in terms of the aggregate demand/aggregate supply framework.
- Inclusion of a brief overview of recent research regarding the workings and effectiveness of monetary policy.
- Updating of information in an “In the Real World” box on sub-Saharan Africa.

Chapter 28

- Addition of new research findings on the impact of exchange rate changes on the size of international trade.
- Updating and extension of the comparison over time of central banks’ reserves with the size of imports.
- Updating of discussion in the “In the Real World” box on currency boards in Estonia and Lithuania.
- Introduction of a new “In the Real World” box describing the nature of the four current monetary unions in the world economy, focusing on the Eastern Caribbean Currency Union.

Chapter 29

- Updating of information on members’ quotas in the IMF.
- Addition of material at various spots on the current euro-zone difficulties and world recovery from the recent recession.

It is our hope that the changes in the eighth edition will prove beneficial to students as well as to instructors. The improvements are designed to help readers both understand and appreciate more fully the growing importance of the global economy in their lives.

DESCRIPTION OF TEXT

Our book follows the traditional division of international economics into the trade and monetary sides of the subject. Although the primary audience for the book will be students in upper-level economics courses, we think that the material can effectively reach a broad, diversified group of students—including those in political science, international studies, history, and business who may have fewer economics courses in their background. Having taught international economics ourselves in specific nonmajors' sections and Master's of Business Administration sections as well as in the traditional economics department setting, we are confident that the material is accessible to both noneconomics and economics students. This broad audience will be assisted in its learning through the fact that we have included separate, extensive review chapters of microeconomic (Chapter 5) and macroeconomic (Chapter 24) tools.

International Economics presents international trade theory and policy first. Introductory material and data are found in Chapter 1, and Chapters 2 through 4 present the Classical model of trade, including a treatment of pre-Classical Mercantilism. A unique feature is the devotion of an entire chapter to extensions of the Classical model to include more than two countries, more than two goods, money wages and prices, exchange rates, and transportation costs. The analysis is brought forward through the modern Dornbusch-Fischer-Samuelson model including a treatment of the impact of productivity improvements in one country on the trading partner. Chapter 5 provides an extensive review of microeconomic tools used in international trade at this level and can be thought of as a "short course" in intermediate micro. Chapters 6 through 9 present the workhorse neoclassical and Heckscher-Ohlin trade theory, including an examination of the assumptions of the model. Chapter 6 focuses on the traditional production possibilities–indifference curve exposition. We are unabashed fans of the offer curve because of the nice general equilibrium properties of the device and because of its usefulness in analyzing trade policy and in interpreting economic events, and Chapter 7 extensively develops this concept. Chapter 8 explores Heckscher-Ohlin in a theoretical context, and Chapter 9 is unique in its focus on testing the factor endowments approach, including empirical work on the trade-income inequality debate in the context of Heckscher-Ohlin.

Continuing with theory, Chapters 10 through 12 treat extensions of the traditional material. Chapter 10 discusses various post-Heckscher-Ohlin trade theories that relax standard assumptions such as international factor immobility, homogeneous products, constant returns to scale, and perfect competition. An important focus here is upon imperfect competition and intra-industry trade, and new material has been added regarding the multiproduct exporting firm. Chapter 11 explores the comparative statics of economic growth and the relative importance of trade, and it includes material on endogenous growth models and on the effects of growth on the offer curve. Chapter 12 examines causes and consequences of international factor movements, including both capital movements and labor flows.

Chapters 13 through 17 are devoted to trade policy. Chapter 13 is exclusively devoted to presentation of the various instruments of trade policy. Chapter 14 then explores the welfare effects of the instruments, including discussion of such effects in a "small-country" as well as a "large-country" setting. Chapter 15 examines various arguments for protection, including strategic trade policy approaches. Chapter 16 begins with a discussion of the political economy of trade policy, followed by a review of various trade policy actions involving the United States as well as issues currently confronting the WTO. Chapter 17 is a separate chapter on economic integration. We have updated the discussion of the European Union (including recent problems) and the North American Free Trade Agreement. In addition, there is new material on the U.S. free-trade agreements with Colombia, South Korea, and Panama and on the Trans-Pacific Partnership. The trade part of the book concludes with Chapter 18, which provides an overview of how international trade influences growth and change in the developing countries as well as a discussion of the external debt problem.

The international monetary material begins with Chapter 19, which introduces balance-of-payments accounting. This is followed by discussion of the foreign exchange market in Chapter 20. We think this sequence makes more sense than the reverse, since the demand and supply curves of foreign exchange reflect the debit and credit items, respectively, in the balance of payments. A differentiating feature of the presentation of the foreign exchange market is the extensive development of various exchange rate measures, for example, nominal, real, and effective exchange rates. Chapter 21 then describes characteristics of "real-world" international financial markets in detail, and discusses a (we hope not-too-bewildering) variety of international financial derivative instruments. Chapter 22 presents in considerable detail the monetary and portfolio balance (or asset market) approaches to the balance of payments and to exchange rate determination. The more technical

discussion of testing of these approaches is in an appendix, which has been updated to include recent empirical research. The chapter concludes with an examination of the phenomenon of exchange rate overshooting. In Chapters 23 and 24, our attention turns to the more traditional price and income adjustment mechanisms. Chapter 24 is in effect a review of basic Keynesian macroeconomic analysis.

Chapters 25 through 27 are concerned with macroeconomic policy under different exchange rate regimes. As noted earlier, we continue to utilize the *IS/LM/BP* Mundell-Fleming approach rather than employ exclusively the asset market approach. The value of the *IS/LM/BP* model is that it can embrace both the current and the capital/financial accounts in an understandable and perhaps familiar framework for many undergraduates. This model is presented in Chapter 25 in a manner that does not require previous acquaintance with it but does constitute review material for most students who have previously taken an intermediate macroeconomic theory course. The chapter concludes with an analysis of monetary and fiscal policy in a fixed exchange rate environment. These policies are then examined in a flexible exchange rate environment in Chapter 26. We have included in the appendixes to Chapters 25 and 26 material that develops a more formal graphical link between national income and the exchange rate. The analysis is then broadened to the aggregate demand–aggregate supply framework in Chapter 27. The concluding chapters, Chapters 28 and 29, focus on particular topics of global concern. Chapter 28 considers various issues related to the choice between fixed and flexible exchange rates, including material on currency boards. Chapter 29 then traces the historical development of the international monetary system from Bretton Woods onward, examines proposals for reform such as target zone proposals, and addresses some implications of the 2007–2009 world recession and the recent “euro crisis.”

Because of the length and comprehensiveness of the *International Economics* text, it is not wise to attempt to cover all of it in a one-semester course. For such a course, we recommend that material be selected from Chapters 1 to 3, 5 to 8, 10, 13 to 15, 19 and 20, 22 to 26, and 29. If more emphasis on international trade is desired, additional material from Chapters 17 and 18 can be included. For more emphasis on international monetary economics, we suggest the addition of selected material from Chapters 21, 27, and 28. For a two-semester course, the entire *International Economics* book can be covered. Whatever the course, occasional outside reading assignments from academic journals, current popular periodicals, a readings book, and Web sources can further help to bring the material to life. The “References for Further Reading” section at the end of the book, which is organized by chapter, can hopefully give some guidance. If library resources are limited, the text contains, both in the main body and in boxes, summaries of some noteworthy contributions.

PEDAGOGICAL DEVICES

To assist the student in learning the material, we have included a variety of pedagogical devices. We like to think of course that the major device in this edition is again clear exposition. Although all authors stress clarity of exposition as a strong point, we continue to be pleased that many reviewers praised this feature. Beyond this general feature, more specific devices are described herein.

Learning Objectives

Except for Chapter 1, every chapter begins with a set of explicit learning objectives to help students focus on key concepts. The learning objectives can also be useful to instructors in selecting material to cover in their respective classes.

Opening Vignettes

These opening vignettes or cases were mentioned earlier. The intent of each case is to motivate the student toward pursuing the material in the forthcoming chapter as well as to enable the student to see how the chapter’s topics fit with actual applied situations in the world economy.

Boxes

There are three types of material that appear in boxes (more than 100 of them) in *International Economics*. Some are analytical in nature (Concept Boxes), and they explain further some difficult concepts or relationships. We have also included several biographical boxes (Titans of International Economics). These short sketches of well-known economists add a personal dimension to the work being studied, and they discuss not only the professional interests and concerns of the individuals but also some of their less well-known “human” characteristics. Finally, the majority of the boxes are case studies (In the Real World), appearing throughout chapters and supplemental to the opening vignettes. These boxes serve to illuminate concepts and analyses under discussion. As with the opening vignettes, they give students an opportunity to see the relevance of the material to current events. They also provide a break from the sometimes heavy dose of theory that permeates international economics texts.

Concept Checks

These are short “stopping points” at various intervals within chapters (about two per chapter). The concept checks pose questions that are designed to see if basic points made in the text have been grasped by the student.

End-of-Chapter Questions and Problems

These are standard fare in all texts. The questions and problems are broader and more comprehensive than the questions contained in the concept checks.

Lists of Key Terms

The major terms in each chapter are boldfaced in the chapters themselves and then are brought together at the end of the chapter in list form. A review of each list can serve as a quick review of the chapter.

References for Further Reading

These lists occur at the end of the book, organized by chapter. We have provided bibliographic sources that we have found useful in our own work as well as entries that are relatively accessible and offer further theoretical and empirical exploration opportunities for interested students.

Instructor's Manual and Test Bank

This companion work offers instructors assistance in preparing for and teaching the course. We have included suggestions for presenting the material as well as answers to the end-of-chapter questions and problems. In addition, sample examination questions are provided, including some of the hundreds of multiple-choice questions and problems that we have used for examining our own students. Access this ancillary, as well as the Test Bank, through the text's Online Learning Center.

Online Learning Center

The eighth edition of *International Economics* is accompanied by a comprehensive website, www.mhhe.com/appleyard/8e. The Instructor's Manual and Test Bank exist in Word format on the password-protected portion. Additionally, the password-protected site includes answers to the Graphing Exercises. Students also benefit from visiting the Online Learning Center. Chapter-specific graphing exercises and interactive quizzes serve as helpful study materials. A Digital Image Library contains all of the images from the text. The eighth edition also contains PowerPoint presentations, one to accompany every chapter, available on the Online Learning Center.



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ACKNOWLEDGMENTS

Our major intellectual debts are to the many professors who taught us economics, but particularly to Robert Stern of the University of Michigan and Erik Thorbecke of Cornell University. We also have found conversations and seminars over the years with faculty colleagues at the University of North Carolina at Chapel Hill to have been extremely helpful. We particularly wish to thank Stanley Black, Patrick Conway, William A. Darity, Jr., Richard Froyen, and James Ingram. Thanks also to colleagues at Davidson College, especially Peter Hess, Vikram Kumar, David Martin, Lou Ortmyer, and Clark Ross; and to the many students at Chapel Hill and Davidson who were guinea pigs for the material and provided helpful insights and suggestions. In addition, we express special appreciation to Steven L. Cobb of the University of North Texas for his contributions to the previous three editions of this book. As a coauthor, Steve provided numerous creative ideas and valuable content, much of which continues to be used in this eighth edition.

We are also indebted to the entire staff at McGraw-Hill/Irwin, especially Mary Jane Lampe, Christina Kouvelis, Jennifer M. Jelinski, Terri Schiesl, Prashanthi Nadipalli, Michele Janicek, Jennifer Pickel, and Douglas Reiner, as well as freelancers Beth Baugh and Venkatraman Jayaraman. We thank them for their cooperation, patience, encouragement, and guidance in the development of this eighth edition.

In addition, we are grateful to the following reviewers; their thoughtful, prescriptive comments have helped guide the development of these eight editions:

Deergha Raj Adhikari <i>University of Louisiana at Lafayette</i>	Khosrow Doroodian <i>Ohio University–Athens</i>
Francis Ahking <i>University of Connecticut–Storrs</i>	Mary Epps <i>University of Virginia</i>
Mohsen Bahmani-Oskooee <i>University of Wisconsin–Milwaukee</i>	Jim Gerber <i>San Diego State University</i>
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Drusilla Brown <i>Tufts University</i>	Baybars Karacaovali <i>Fordham University</i>
Geoffrey Carliner <i>Babson College</i>	Theodore Kariotis <i>Towson University</i>
Roman Cech <i>Longwood University</i>	Patrick Kehoe <i>University of Pennsylvania</i>
Winston W. Chang <i>State University of New York at Buffalo</i>	Frank Kelly <i>Indiana University–Purdue University Indianapolis</i>
Charles Chittle <i>Bowling Green State University</i>	Randall G. Kesselring <i>Arkansas State University</i>
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Simran Sahi <i>University of Minnesota</i>	

We also wish to thank David Ball (North Carolina State University), David Collie (Cardiff University), David Cushman (University of Saskatchewan), Guzin Erlat (Middle East Technical University–Ankara), J. Michael Finger (World Bank, retired), Dan Friel (Bank of America), Art Goldsmith (Washington and Lee University), the late Monty Graham (The Peterson Institute of International Economics), Michael Jones (Bowdoin College), Joseph Joyce (Wellesley College), and Joe Ross (Goldman Sachs) for their helpful comments on this and earlier editions. Appreciation is also extended to the many other individuals who have contacted us over the years regarding our book. Of course, any remaining shortcomings or errors are the responsibility of the authors (who each blame the other). A special note of thanks goes to our families for their understanding, support, and forbearance throughout the time-absorbing process required to complete all eight editions.

Finally, we welcome any suggestions or comments that you may have regarding this text. Please feel free to contact us at our e-mail addresses. And thank you for giving attention to our book!

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