

YouTube Title: Seinfeld - Kramer tucking Japanese guests in drawers to sleep

www.youtube.com/watch?v=MtsOQz2I09g

Video Length: 1:26 minutes

The Economy Today Chapter 36: International Finance

The Macro Economy Today Chapter 20: International Finance

The Micro Economy Today Chapter 22: International Finance

The Economy Today Learning Objective 2: How exchange rates are established.

Topics: Japanese yen, purchasing power

Key Terms: Exchange rate

Summary

In this episode of Seinfeld, Kramer is hosting Japanese tourists. They soon realize that 50,000 yen is not enough to cover their expenses in New York.

Economic Application

This video can be used to introduce the notion of exchange rates and how one currency translates into the value of another.

Multiple-Choice Question

What determines exchange rates between two countries?

- a) Relative incomes
- b) Relative prices
- c) Product availability
- d) Relative interest rates
- e) Speculation
- f) All of the above determine exchange rates

Discussion Question

Why could the Japanese tourists purchase so little with 50,000 yen in New York?