

**Case Project I**  
**Due: Wednesday, October 5<sup>th</sup>**  
**ECON 445: International Finance**  
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**Fall 2005**

The goal of each case project is to clearly and concisely address the relevant issues. You should act as if you were assigned this project as part of your job. Assume the readers of your analyses have a general idea as to the facts surrounding the case; they are therefore only interested in your suggestions. However, to convince the reader that your suggestions are appropriate, you must thoroughly support your methods using sound economic theory and data. Points will be deducted for suggestions that are conjectures.

Each group must prepare one written case analysis, which should contain no more than 5 pages of text (double-spaced, 12 pt). Your analysis of the case should contain additional pages that include charts, figures, and other references used in the text. Be sure to cite all of your sources, including data sources. You should make extensive use of all information (text and data) provided in the case and you should rely on the class readings. Feel free to obtain other data and related literature not mentioned in the case. This written analysis should be turned in at the beginning of class.

Furthermore you should prepare a 10-minute presentation to the class in which you present your recommendation. If you want to rely on PPT for your presentation you may deposit your file in the classes\shared folder and we can pull it up in class.

A good case analysis will focus on the central questions of interest by presenting a coherent picture of the case using theory and relevant data. You will be graded on the written analysis as well as presentation and discussion in class.

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Each group will address one of the following questions:

Group 1: Is the U.S. current account deficit in 2005 sustainable? Is its continual widening a problem? Are the United States headed towards a crisis? Why or why not?

Group 2: What if anything should the United States do to reduce its current account deficit?

Group 3: Is global adjustment to external imbalances likely to occur, and if so, how? What could be done to encourage smooth adjustment?

Group 4: Was Warren Buffet's decision to short the dollar a good one? Why or why not?