**Readings:** as indicated in the syllabus, we will be talking about the **international financial system** next week. These are MANDATORY readings. In preparation for class,

1. Listen to this podcast on How Currency Works, read the executive summary of the related book and participate in the discussion;
2. Read the Executive Summary of the April Financial Outlook published by the IMF, the International Monetary Fund, as well as Chapter 3 (p.77-93) of the report on The Price of Captial Goods.

Carefully listen to this podcast and review this executive summary of the book discussed in it. Take notes and share some of your thoughts below - no more than two or three paragraphs - relating one of the arguments made in the book and presented in this Podcast to our in-class discussions and readings for this class about interest rates and the financial system.

**Note that this is mandatory reading. Your postings are due the night before class on Wednesday, 24 April 2019, 10:00 PM.**

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In the podcast, Preston and Stig discuss the book "Currency Wars: The Making of the Next Global Crisis," by James Rickards. They start by talking about interest rates and the effects that they have on industries and the market. Specifically, they bring up real estate and technology. Right now, the values are globally low which can be compared pegging to a loaf of bread. With changing rates if we keep the value of the loaf of bread, every value around it much change. In addition, they talked about the 3rd currency war. A currency war is when countries devaluate their currency to increase their GDP. They can gain a competitive advantage because their products become cheaper to those outside of their country. However, based on history, I don't believe this is a sustainable idea to fix economies. A famous example is Germany after World War I when they went into hyperinflation because they had to pay war reparations. In photos, we can see how the people of Germany used money as a material to burn for heat. It was essentially useless. They had to stop monetizing government debt and create a new means of exchange. This is important to consider because of many nations, including the US, monetizes debt. If we aren't careful we could go into a cycle similar to Germany or go bankrupt like other nations, which is extremely difficult to deal with or get out of.