

SIMON FRASER UNIVERSITY
Department of Economics

Econ 345
International Finance

Prof. Kasa
Spring 2013

PROBLEM SET 3
(Due April 12)

The following questions are short answer. 20 points each.

1. Read the article “Asia and the Global Financial Crisis” by Ben Bernanke, which is posted on the class website. According to Bernanke, how and why did the financial crisis spread from the USA to Asia? According to Bernanke, what was the connection between the Asian Crisis of 1997-98 and the more recent international financial crisis of 2008-09?
2. Read the article “Does the Current Account Still Matter?” by Maurice Obstfeld, which is posted on the class website. According to Obstfeld, does the current account still matter? Why or why not? Under what conditions are current account balances important? Under what conditions are they unimportant? According to Obstfeld, which conditions are more likely to prevail in the ‘real world’?