

SIMON FRASER UNIVERSITY
Department of Economics

Econ 345
International Finance

Prof. Kasa
Spring 2016

PROBLEM SET 3
(Due April 7)

The following questions are short answer. 25 points each.

1. Read the article “China, New Financial Superpower” by Brad Setser, which is posted on the class website. According to Setser, what are the three ways China differs from Britain and the USA when they were the world’s dominant creditor nations? Do you think these differences will disappear over time? Why or why not?
2. Read the article “Fear-of-China Syndrome” by Paul Krugman, which is posted on the class website. According to Krugman, should Americans worry about the threat that China will stop buying its bonds? Why or why not?