

SIMON FRASER UNIVERSITY
Department of Economics

Econ 345
International Finance

Prof. Kasa
Spring 2014

PROBLEM SET 3 - Due April 3

1. (25 points). Read the article by Paul Krugman entitled “Crash of the Bumblebee” (posted on the class webpage). According to Krugman, what needs to be done to save the euro? Do you agree? Why or why not?
2. (25 points). Briefly discuss the following statement - “The IMF should not bail out countries that are hit by a currency crisis”. Be sure to relate your answer to the theories of currency crises that we discussed in class.