



2. Read Elizabeth M. Boschee's essay on "Floating Exchange Rates: The Only Viable Solution." This essay was the first-place award winner in the 1995-1996 essay contest sponsored by the Federal Reserve Bank of Minneapolis available at ([www.minneapolisfed.org/econed/essay/results/1-96.cfm](http://www.minneapolisfed.org/econed/essay/results/1-96.cfm))

a. According to the essay, what are the problems associated with attempting to maintain a system of fixed exchange rates?

b. What are the problems associated with monetary unification?

c. Why does Boschee argue that a system of floating exchange rates is the best available option?

d. What are the problems associated with a floating exchange rate system? What are the advantages?