

AGN:
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SPRING SEMESTER 2014

INTERNATIONAL FINANCE

ANSWER 2 OF THE FOLLOWING 5 QUESTIONS.

Your answers should be no longer than 6 pages (per question) (at approximately 250 words per page).

EACH QUESTION COUNTS FOR 50% OF THE EXAM GRADE.

The course materials should provide sufficient material for your answers. Please provide brief citations to the course materials for your examples (e.g. International Finance 2, p. 10).

Note that there is some potential for overlap in answers to these questions. Avoid substantial overlap in your answers, because, as a general rule, you will only get credit once for each piece of information you give me. If you incorporate information in one answer into the other answer, for example by writing "see above", or "see answer to Question x" in your second answer, your grade for the second answer may suffer.

1. “Today, domestic financial sectors are often enormous and complex, performing a wide range of financial services and offering products that are sometimes opaque. Capital now moves at lightning speed to advanced and emerging markets alike, reverses suddenly, and spreads shock waves that can be devastating. These seismic changes have inexorably linked national economies to each other, transferring risks across borders in ways that have become increasingly difficult to track. The realization that the failure of one bank in one country can bring the global economy down, transmitting shocks to economies far removed geographically, has fundamentally shaken the contours of our thinking and policy making.” (IMF, The IMF's Financial Surveillance Strategy, 4 (Aug. 28, 2012) from International Finance Materials 2014: Chapter 1: Introduction at p. 4-5)

Discuss.

2. How does geography matter for international finance?
3. This semester we have read about a number of examples of financial institutions being expected to act as gatekeepers (e.g. with respect to the implementation of sanctions and asset freezes). What problems and/or benefits are associated with requiring financial institutions to act as gatekeepers ?
4. Discuss any **two** cases we read during the semester and explain why they are important..
5. Write a critical analysis of the issues you have learned about in this course relating to **one** of the following topics:
 - a. sovereign debt
 - b. compliance
 - c. complexity.