



ECO524
Advance International Finance

James H. Breece
Spring 2016

Office: 220 Stevens Hall
Office Hours: 3:30 – 5:00 T&Th;
and by appointment

Phone: 581-1862
Email: Breece@maine.edu
FirstClass: James Breece

REQUIRED READINGS:

- (1) Textbook: *World Trade and Payments*, 10th Edition, Caves, Frankel and Jones, Addison-Wesley, 2007
- (2) *Wall Street Journal*: can be found at www.wsj.com/studentoffer

FirstClass: a course conference has been automatically added to your desktop. Announcements and course materials will be posted in the course conference throughout the semester.

Course Requirements: Students must take all three exams and complete the term paper. Each exam score and term paper has equal weight in determining the course grade (25% each). There will be plus-minus grading.

Exam 1.....	February 23
Exam 2.....	April 7
Term Paper.....	May 6
Final Exam.....	Finals week

Any missed exams are counted as zero. Students wishing to have the privilege of taking a make-up exam must notify me **prior** to the scheduled exam date. Attendance of the classes is the student's responsibility and any cheating during the exams will result in automatic failure of the assignment. Students requesting special accommodations must contact me and the office of Disability Support Services (581-2319; TTY 581-2325) at the beginning of the semester.

Course Description: Analysis of the fundamental characteristics of an open macroeconomy including exchange rate determination, balance of payments adjustment, income determination, financial flows, effect of monetary and fiscal policies, economic integration and global monetary issues.

Objectives and Learning Outcomes: Upon completion of this course, students will have an advanced quantitative and qualitative understanding of: the microeconomic underpinnings of the benefits from international trade; the operation of the exchange rate market; and the interaction of goods markets, financial markets, and labor markets in determining national income, prices, and employment in an international setting. Students' understanding of these concepts and issues will have been displayed through their learned analytical skills (modeling and graphics) and narrative explanations as demonstrated by the course requirements.

Course Outline and Reading List

[*World Trade and Payments*, 10th Edition, Caves, Frankel and Jones]

PART I: MONEY, INCOME, AND THE BOP

- **Chapter 15:** BOP Accounts
- **Chapter 16:** Foreign Exchange Markets
- **Chapter 17:** National Income and the Trade Balance
- **Chapter 18:** The Keynesian Model Revisited
- **Chapter 19:** Money, Prices, and the BOP

PART II: MACRO POLICIES FOR OPEN ECONOMIES

- **Chapter 21:** Global Financial Markets
- **Chapter 22:** Mundell-Fleming Model with limited Capital Mobility
- **Chapter 23:** Monetary and Fiscal Policies Revisited
- **Chapter 25:** Policy Coordination
- **Chapter 27:** Expectations and the Exchange Rate

PART III: THE PURE THEORY OF TRADE

- **Chapter 2:** Gains from Trade
- **Chapter 4:** The Ricardian Model
- **Chapter 5:** Factor Markets
- **Chapter 6:** Heckscher-Ohlin Model

UNIVERSITY OF MAINE POLICY STATEMENTS

- 1) **Academic Honesty Statement:** Academic honesty is very important. It is dishonest to cheat on exams, to copy term papers, to submit papers written by another person, to fake experimental results, or to copy or reword parts of books or articles into your own papers without appropriately citing the source. Students committing or aiding in any of these violations may be given failing grades for an assignment or for an entire course, at the discretion of the instructor. In addition to any academic action taken by an instructor, these violations are also subject to action under the University of Maine Student Conduct Code. The maximum possible sanction under the student conduct code is dismissal from the University.
- 2) **Students with disabilities statement:** If you have a disability for which you may be requesting an accommodation, please contact Disabilities Services, 121 East Annex, 581-2319, as early as possible in the term.
- 3) **Course Schedule Disclaimer (Disruption Clause):** In the event of an extended disruption of normal classroom activities, the format for this course may be modified to enable its completion within its programmed time frame. In that event, you will be provided an addendum to the syllabus that will supersede this version.
- 4) **Sexual Discrimination Reporting**
The University of Maine is committed to making campus a safe place for students. Because of this commitment, if you tell a teacher about an experience of **sexual assault, sexual harassment, stalking, relationship abuse (dating violence and domestic violence), sexual misconduct or any form of gender discrimination** involving members of the campus, **your teacher is required to report** this information to the campus Office of Sexual Assault & Violence Prevention or the Office of Equal Opportunity.

If you want to talk in confidence to someone about an experience of sexual discrimination, please contact these resources:

For *confidential resources on campus*: **Counseling Center: 207-581-1392** or **Cutler Health Center: at 207-581-4000**.

For *confidential resources off campus*: **Rape Response Services: 1-800-310-0000** or **Spruce Run: 1-800-863-9909**.

Other resources: The resources listed below can offer support but may have to report the incident to others who can help:

For *support services on campus*: **Office of Sexual Assault & Violence Prevention: 207-581-1406, Office of Community Standards: 207-581-1409, University of Maine Police: 207-581-4040 or 911**. Or see the OSAVP website for a complete list of services at <http://www.umaine.edu/osavp/>