

EC/PO/IR 330 EMERGING ECONOMIES: A GLOBAL PERSPECTIVE OF OPPORTUNITIES AND CHALLENGES IN ARGENTINA & CHILE

IES Abroad Multi-location Emerging Economies

Course taught in Buenos Aires & Santiago

DESCRIPTION:

The course provides a theoretical framework that enables the student to understand, evaluate and identify the different types and characteristics of emerging economies within the context of globalized markets. The course examines policy and international system considerations that affect the performance of the markets and, furthermore, it explores the social and environmental impact of economic developments in both countries juxtaposed with their sociopolitical, historical, and cultural contexts. The broad concepts and theories introduced in the course will be explored primarily through case studies involving Argentina and Chile.

However, the course also incorporates an overall approach that will examine a variety of economic development processes within Latin America. Using a student-centered and participatory approach, the course asks students to explore the different models or strategies adopted by the countries in focus. They will identify the strengths, weaknesses, and challenges of the studied economic policies and trends, as well as the results observed from those decisions.

CREDITS: 4 credits**CONTACT HOURS:** 60 hours**LANGUAGE OF INSTRUCTION:** English**PREREQUISITES:** None**ADDITIONAL COST:** None**METHOD OF PRESENTATION:**

- Lectures
- Class discussions
- Research project

REQUIRED WORK AND FORM OF ASSESSMENT:

- Participation and Preparation - 5%
- Individual class presentations - 10%
- Midterm Evaluation (Argentina) - 25%
- Midterm Evaluation (Chile) - 25%
- Emerging Markets Practice - 35%

Participation and Preparation

Students are expected to participate actively and to prepare readings and assignments thoroughly before class.

Presentation

Every student will be required at least once to summarize and make a 10-minute presentation on one of the class readings. The presentation will be conducted at the beginning of the class. Depending on the number of students enrolled, two or more students may be required to present the same text together.

Midterm and Final Evaluations

The particular settings of this course make necessary two separate evaluations, one for each leg of the program. The first will be made up of a test of students' mastery of the theoretical concepts as well as material related to Argentina in particular. The final exam will do the same primarily within the context of Chile but will require students on a select question to compare the primary national economies studied as well as to provide examples from other Latin American markets.

Emerging Markets Practice

Students will be required to develop a Latin American Financial Portfolio (Equities) using the Investopedia Stock Simulator (<http://www.investopedia.com/simulator/>). They will have to prepare and present 2 essays (one in Argentina and one in Chile) each with a minimum length of 6 and maximum 12 pages (without accounting bibliography and annex data) which will include a description of their investment strategy, and an analysis of the firms and the business macroeconomic environment. During the Chilean leg of the program, students will concentrate on the institutional variables that affect investment in Emerging Economies and reach a conclusion about the pertinence of investing in Latin American countries. The format and other formal details will be disclosed during the class sessions.

LEARNING OUTCOMES:

By the end of the course students will be able to:

- Describe in detail key differentiating factors that define an emerging economy in general and within key Latin American contexts.
- Analyze and discuss the effect of international variables in the development of these markets.
- Demonstrate understanding policy challenges faced by governments balancing economic development with sociopolitical, environmental, and other interests.
- Scrutinize the new and expanding roles of developing countries in the multilateral system.
- Clearly define the particularities of the Argentine, Chilean, and other select Latin American regional economic models.

ATTENDANCE POLICY:

Attendance and punctuality are mandatory for all IES Abroad classes, including course-related excursions. Any exams, tests, presentations, or other work missed due to student absences can only be rescheduled in cases of documented medical or family emergencies. If a student misses more than 1.5 classes (for courses taught once a week) or 2.5 classes (for courses taught twice a week) in any course, the final grade will be reduced by one-third of a letter grade (for example, A- to B+) for every additional unexcused absence. Six absences in any course will result in a failing grade.

Punctuality

Students who are late to class will receive a .5 absence. Arriving in class more than 15 minutes late will result in 1 absence.

CONTENT:

Session	Content	Assignments
Session 1	Buenos Aires <ul style="list-style-type: none"> • Overview of the course • Introduction to emerging markets/economies 	<ul style="list-style-type: none"> • Hale, D. "The Importance of Emerging Markets", CFA Institute Conference Proceedings Quarterly, (Sep 2012): 43–50.
Session 2	Buenos Aires <ul style="list-style-type: none"> • Classification of emerging markets • Stock Markets in Emerging Economies 	<ul style="list-style-type: none"> • Stijn Claessens et.al Stock Markets in Transition Economies World Bank (2000).
Session 3	Buenos Aires <ul style="list-style-type: none"> • Competitive advantages in Emerging Markets • Global Value Chains 	<ul style="list-style-type: none"> • Porter, Michael E. "The Competitive Advantage of Nations", Harvard Business Review (March-April 1990): 73-91.
Session 4	Buenos Aires <ul style="list-style-type: none"> • The Evolution of Global Trade I 	<ul style="list-style-type: none"> • WTO, World Trade Report 2013 Factors shaping the future of world trade, pp 45-54

Session	Content	Assignments
Session 5	Buenos Aires <ul style="list-style-type: none"> The Evolution of Global Trade II 	<ul style="list-style-type: none"> WTO, World Trade Report 2013 Factors shaping the future of world trade, pp 55-89
Session 6	Buenos Aires <ul style="list-style-type: none"> Economic Crisis. Argentina: Debt Crisis and 2001/2002 Crisis (11to 13 hs): Trip to financial institutions and museums 	<ul style="list-style-type: none"> Ibrahim M. Rihan, The Great Recession, IMF Lessons from the Crisis in Argentina
Session 7	Buenos Aires <ul style="list-style-type: none"> Commodities and emerging markets I: challenges and opportunities. China, Argentina and Latin America 	<ul style="list-style-type: none"> The “China effect” on commodity prices and Latin American export earnings, Jenkins
Session 8	Buenos Aires <ul style="list-style-type: none"> Economic Integration Regional integration processes I: Mercosur 	<ul style="list-style-type: none"> Saurombe, Amos et al, Reforming the Multilateral Decision-Making Mechanism of the WTO: What is the Role of Emerging Economies? (December 30, 2013). Potchefstroom Electronic Law Journal, Vol. 16, No. 5, 2013.
Session 9	Buenos Aires <ul style="list-style-type: none"> Financial Repression and Liberalization 	<ul style="list-style-type: none"> Manuel Pastor GOOD BYE FINANCIAL CRASH, HELLO FINANCIAL REPRESSION
Session 10	Buenos Aires <ul style="list-style-type: none"> Privatization 	<ul style="list-style-type: none"> Privatization Alberto Chong et al. <i>Privatization in Latin America, Chapter I</i>
Session 11	Buenos Aires <ul style="list-style-type: none"> Inflation: Argentina and Latin America 	<ul style="list-style-type: none"> BBVA, Inflation Persistence
Session 12	Buenos Aires <ul style="list-style-type: none"> Long term finance 	<ul style="list-style-type: none"> World Bank, Long Term Finance.
Session 13	Buenos Aires <ul style="list-style-type: none"> Final session in Argentina Midterm examination First presentation of Emerging Markets portfolio 	

Session	Content	Assignments
Session 14	Santiago <ul style="list-style-type: none"> The path to economic liberalization in the Americas: from the Washington Consensus to the modern economic blocks 	<ul style="list-style-type: none"> John Williamson. Latin American Adjustment: How Much Has Happened? Chapter 2 “What Washington Means by Policy Reform”, Peterson Institute for International Economics, 1990. Stiglitz, Joseph. “The post Washington Consensus Consensus”. The Initiative for Policy Dialogue, 2004.
Session 15	Santiago <ul style="list-style-type: none"> Monetary policy, currency and inflation: The role of central banks in Emerging Economies 	<ul style="list-style-type: none"> DeRosa, David. “Central Banking and Monetary Policy in Emerging Market Nations”, Chapter 1: Emerging Markets and their Central Banks. The Research Foundation of CFA Institute, 2009, pp. 1-15.
Session 16	Santiago <ul style="list-style-type: none"> Sovereign debt and developing economies: rewards, risks, default and crisis 	<ul style="list-style-type: none"> Jeffrey A. Frankel. “Experience of and Lessons from Exchange Rate Regime in Emerging Economies”. NBER Working Paper No. 10032, October 2003.
Session 17	Santiago <ul style="list-style-type: none"> Foreign trade, agreements and economic integration 	<ul style="list-style-type: none"> Bela Balassa. “The theory of economic integration: An introduction”, in The theory of economic integration (1961), Greenwood publishing. <i>Optional:</i> Maggi & Rodríguez-Clare. “A political-economy theory of trade agreements”, NBER Working Paper No. 11716, National Bureau of Economic Research, October 2005.
Session 18	Santiago <ul style="list-style-type: none"> Course-related trip: Visit to the National Exporters Association 	
Session 19	Santiago <ul style="list-style-type: none"> The Chilean outbound strategy of development 	<ul style="list-style-type: none"> Extracts from: DIRECON. “Las negociaciones comerciales de Chile en el período 1990-2010.” Santiago, 2000.
Session 20	Santiago <ul style="list-style-type: none"> Regional integration processes II: Chile and its treaty consolidation efforts: P4, TPP, and Pacific Alliance 	<ul style="list-style-type: none"> Asia Development Bank “Multilateralizing Asian regionalism: approaches to Unraveling the Asian noodle bowl”. Asian Economic Integration Monitor, March 2013, pp. 49-65.
Session 21	Santiago <ul style="list-style-type: none"> Course-Related Trip: Winery TBA 	<ul style="list-style-type: none"> A guide will be provided by the professor. Students will be required to turn in a short essay on the Chilean wine industry.

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Session 22	Santiago <ul style="list-style-type: none"> Commodities and emerging markets II: The Chilean Coper Dependency Review of other industries 	<ul style="list-style-type: none"> Haber and Menaldo. “Natural Resources in Latin America: Neither Curse Nor Blessing”, Oxford Handbook of Latin American Political Economy, 2012.
Session 23	Santiago <ul style="list-style-type: none"> Midterm Evaluation 	
Session 24	Santiago <ul style="list-style-type: none"> Chile and Latin America: Towards fair trade 	<ul style="list-style-type: none"> Ann Le Mare. “The Impact of Fair Trade on Social and Economic Development: A Review of the Literature”, in Geography Compass, No.2, 2008
Session 25	Santiago <ul style="list-style-type: none"> Social policy, difficulties and success in the redistribution of income on the emerging economies 	<ul style="list-style-type: none"> Contreras & Gallegos. “Wage inequalities in Latin America: a decade of changes”, Cepal Review, No. 103, April 2011, pp. 27-44.
Session 26	Santiago <ul style="list-style-type: none"> The Chilean inequality paradox & reform initiatives 	<ul style="list-style-type: none"> Gammage, Albuquerque & Durán. “Poverty, Inequality and Employment in Chile”, ILO Conditions of work and employment series No. 46, 2014.
Session 27	Santiago <ul style="list-style-type: none"> Emerging Economies Practice, final presentation 	<ul style="list-style-type: none"> Students will also turn in their second Emerging Markets Portfolio paper
Session 28	Santiago <ul style="list-style-type: none"> Course review, grading and final discussion of their Emerging Markets Practice 	

REQUIRED READINGS:

- Armijo, Leslie Elliott. 2007. The BRICs Countries (Brazil, Russia, India, and China) as Analytic Category: Mirage or Insight? Asian Perspective 31 (4): 7-42. <http://www.brics.global.wisc.edu/v31n4-a.pdf>
- Stijn Claessens et.al Stock Markets in Transition Economies World Bank (2000). <https://pdfs.semanticscholar.org/f279/d168be36a212dd36c6eca192bffcee05ec20.pdf>
- Alberto Chong, Florencio López de-Silanes [editors]. Privatization in Latin America: myths and reality IADB <https://publications.iadb.org/bitstream/handle/11319/348/9780821358825.pdf;jsessionid=C5A1550B0F837E1DC8289354A84BDD68?sequence=1>
- BBVA, Inflation Persistence, <https://www.bbvaresearch.com/wp-content/uploads/2016/06/Inflation-Persistence.pdf>
- Committee on the Global Financial System. “Capital flows and the emerging market economies”. Bank For International Settlements CGFS Working Paper No 33, 2009, pp. 7-41
- DeRosa, David. “Central Banking and Monetary Policy in Emerging Market Nations”, Chapter 1: Emerging Markets and their Central Banks. The Research Foundation of CFA Institute, 2009, pp.1-15.

- DIRECON. Translation Available: Chile's Commercial Negotiations Guide. Official publication by the Economic Relations Department of the Chilean Ministry of Foreign Affairs (DIRECON), Santiago 2000.
- Drabek, Zdenek: Is the World Trade Organization Attractive Enough For Emerging Economies?" (December 2009) Palgrave Macmillan. 14 October 2014.
- Frenkel, Jeffrey A. "Experience of and Lessons from Exchange Rate Regime in Emerging Economies". NBER Working Paper No. 10032, October 2003.
- Haber and Menaldo. "Natural Resources in Latin America: Neither Curse Nor Blessing", Oxford Handbook of Latin American Political Economy, 2012.
- Hale, David, "The Importance of Emerging Markets", CFA Institute Conference Proceedings Quarterly, (Sep 2012): 43–50.
- IMF (2003) Lessons from the Crisis in Argentina <http://www.imf.org/external/np/pdr/lessons/100803.pdf>
- Jenkins, Rhys The "China effect" on commodity prices and Latin American
- Export earnings, Cepal Review (2011). http://repositorio.cepal.org/bitstream/handle/11362/37341/1/S2010826_en.pdf
- Hammond, John. "The resource curse and oil revenues in Angola and Venezuela". Science and Society, Vol. 75, No. 3, July 2011, pp. 348-378.
- Hanson, Gordon H. "Why Isn't Mexico Rich?" Gordon H. Hanson Journal of Economic Literature, Vol.48(4), 2010
- Wesley, David 2012. "Mining and Corporate Social Responsibility: A Note on Mining in Perú." Northeastern University W12766.
- Manzetti, Luigi "The Political Economy of MERCOSUR," i. Chapter 20. In Modern Political Economy and Latin America, Jeffrey Frieden, Manuel Pastor Jr and Michael Tomz (eds.).
- Ocampo, Jose Antonio. "Latin America's Growth and Equity Frustrations during Structural Reforms". Journal of Economic Perspectives 18(2) 2004
- Pinheiro Guimarães, S. (2012). The future of Mercosur. Austral: Brazilian Journal of Strategy & International Relations, 1(1),13-22.
- Porter, Michael E. "The Competitive Advantage of Nations", Harvard Business Review (March-April 1990): 73-91.
- Ibrahim M. Rihan, The Great Recession. https://www.academia.edu/29463405/The_Great_Recession_and_2007-2008_Economic_Crisis_-_Definition_Start_Causes_Effects_and_Responses
- Saurombe, A. & Nkabinde, Happy Ignacious Vusi, Reforming the Multilateral Decision-Making Mechanism of the WTO: What is the Role of Emerging Economies? (December 30, 2013).
- Manuel Pastor GOOD BYE FINANCIAL CRASH, HELLO FINANCIAL REPRESSION <http://dornsife.usc.edu/assets/sites/744/docs/Wise-Pastor.pdf> Potchefstroom Electronic Law Journal, Vol. 16, No. 5, 2013.
- Stiglitz, Joseph. "The post Washington Consensus Consensus". The Initiative for Policy Dialogue, 2004.
- Williamson, John. Latin American Adjustment: How Much Has Happened? Chapter 2 "What Washington Means by Policy Reform", Peterson Institute for International Economics, 1990.
- World Bank Group. "Doing Business in Chile: 2015" <http://www.doingbusiness.org/~media/giawb/doing%20business/documents/profiles/country/CHL.pdf>

RECOMMENDED READINGS:

- Bank for International Settlements, Fiscal policy, public debt and monetary policy in emerging market economies. BIS Papers No. 67, October 2012.
- Moreno Badia, Marialuz & Segura-Ubiergo, Alex. "Real Exchange Rate Appreciation in Emerging Markets: Can Fiscal Policy Help?". IMF Working Paper WP/14/1, January 2014.
- Jeffrey D. Sachs & Andrew M. Warner Natural. "Resources and Economic Development, The curse of natural resources". European Economic Review 45 (2001) pp. 827-838.
- Cavalcanti, Tiago and Mohaddes, Kamiar and Raissi, Mehdi, "Commodity Price Volatility and the Sources of Growth" (January 17, 2012).
- Hammond, John. "The resource curse and oil revenues in Angola and Venezuela". Science and Society, Vol. 75, No. 3, July 2011, pp. 348-378.
- Chile's Commercial Negotiations Guide. Official publication by the Economic Relations Department of the Chilean Ministry of Foreign Affairs (DIRECON), Santiago 2000.
- World Bank, Long Term Finance. <http://documents.worldbank.org/curated/en/955811467986333727/pdf/99100-PUB-REVISED-Box393195B-OUO-9-until-9-14-15.pdf>

- WTO, World Trade Report 2013 Factors shaping the future of world trade
https://www.wto.org/english/res_e/booksp_e/world_trade_report13_e.pdf