



## COURSE SYLLABUS

Course: **ECON 3853 Emerging Markets**

Prerequisite: ECON 2143; or ECON 2013 and ECON 2023.

### **Course Description:**

The objective of this course is to analyze the business and economic environment in emerging markets, focusing on Brazil, Russia, India, China and South Africa (BRICS). Our analysis will proceed in the following fashion. The first step will be to develop a framework to understand the institutional foundations of economic prosperity. We will then apply this framework to the specific context of these countries. This will facilitate an assessment of their current economic success, and potential problems to their future growth and development. This exercise will deliver an appreciation of opportunities in these emerging markets.

### **Readings:**

1. Most of the reading materials for this course will be in the form of articles, both academic and journalistic. Where possible, I have added hyperlinks to downloadable reading material, either in the syllabus or under the “**External Links**” section of the Blackboard course site. However **you are responsible for obtaining the readings**. All of them are accessible via the university library. Please note that there will be additional articles not listed below.
2. Articles posted in the “External Links” section of the Blackboard course site.
3. HBS articles for the course, which can be obtained at a discount from the link below. You need to register to gain access to the materials.  
<http://cb.hbsp.harvard.edu/cb/access/6429969>
4. Current business and economic news articles posted on the “Emerging Markets 360” discussion board under the Blackboard site for the course. This will be an important source for a lot of the required reading.

**Required.**

### **Coverage:**

The following is a list of topics that will scaffold our discussion.

#### **Part I: The Institutional Foundations of Prosperity.**

1. **The Wealth of Nations: why are some countries poorer than others?**

[Overview of the Basics of Growth Theory](#) (PDF download).

[“Institutions as the Fundamental Cause of Long-Run Growth,”](#) (PDF download)

by D. Acemoglu, S. Johnson & J. Robinson. Published in Handbook of Economic Growth, Elsevier, North Holland, 2005. Sections 1-4.

An Introduction to Regression Analysis

[http://www.law.uchicago.edu/files/files/20.Sykes\\_.Regression.pdf](http://www.law.uchicago.edu/files/files/20.Sykes_.Regression.pdf)

**2. Why are financial markets so important?**

[“More on Finance and Growth: More Finance, More Growth?”](#) (PDF download)  
by R. Levine, Federal Reserve Bank of St. Louis Review, 85(4), 2003, 31-46.

**3. How to develop financial markets?**

["Law and Finance,"](#) (PDF download)

by R. La Porta, F. Lopez-de-Silanes, R. Vishny and A. Shleifer. *Journal of Political Economy*, December 1998.

[Economic Development, Legality and the Transplant Effect,"](#) (PDF download)

by Dan Berkowitz, Katharina Pistor and Jean-Francois Richard, *European Economic Review*, 2008.

**4. Which kinds of laws?**

[Unbundling Institutions,](#) (PDF download)

Daron Acemoglu & Simon Johnson, *Journal of Political Economy*, 113(5), pp. 949-995.  
October 2005.

**5. Entry Barriers.**

["The Regulation of Entry,"](#) (PDF download)

S. Djankov, R. La Porta, F. Lopez-de-Silanes and A. Shleifer, *Quarterly Journal of Economics*, February, 2002.

[“Regulation and Distrust,”](#) (PDF download)

A. Shleifer, P. Aghion, Y. Algan, and P. Cahuc, *Quarterly Journal of Economics*, August, 2010.

**Part II: Country Context.**

**Further readings will be added to this section during the semester.**

**6. India.**

[http://news.bbc.co.uk/2/hi/south\\_asia/country\\_profiles/1154019.stm](http://news.bbc.co.uk/2/hi/south_asia/country_profiles/1154019.stm)

<http://www.state.gov/r/pa/ei/bgn/3454.htm>

<https://www.cia.gov/library/publications/the-world-factbook/geos/in.html>

India on the Move, Harvard Business School Case, Product No. 9-703-050. Download from <http://cb.hbsp.harvard.edu/cb/access/6429969>

An elephant, not a tiger, Economist Survey, Dec 13, 2008.

[Passage to India: The growth of legal outsourcing,](#) Economist, June 24, 2010.

Testing India's Graduates, Economist, Jan 28, 2010.

## 7. China.

[http://news.bbc.co.uk/2/hi/asia-pacific/country\\_profiles/1287798.stm](http://news.bbc.co.uk/2/hi/asia-pacific/country_profiles/1287798.stm)

<http://www.state.gov/r/pa/ei/bgn/18902.htm>

<https://www.cia.gov/library/publications/the-world-factbook/geos/ch.html>

China: "To Get Rich Is Glorious," Harvard Business School Case, Product No. 9-707-022. Download from <http://cb.hbsp.harvard.edu/cb/access/6429969>

[The rising power of the Chinese worker,](#)

[The Next China,](#)

[Audio interview with MD of Dragonomics](#)

Economist, July 29, 2010.

[Rethinking China's One Child Policy: The child in time,](#)

Economist August 19, 2010.

## 8. Russia.

[http://news.bbc.co.uk/2/hi/europe/country\\_profiles/1102275.stm](http://news.bbc.co.uk/2/hi/europe/country_profiles/1102275.stm)

<http://www.state.gov/r/pa/ei/bgn/3183.htm>

<https://www.cia.gov/library/publications/the-world-factbook/geos/rs.html>

"[A Normal Country: Russia After Communism](#)" (with D. Triesman), *Journal of Economic Perspectives*, Winter, 2005. Downloadable PDF file.

Modernising Russia, Economist, March 11, 2010.

## 9. Brazil.

[http://news.bbc.co.uk/2/hi/americas/country\\_profiles/1227110.stm](http://news.bbc.co.uk/2/hi/americas/country_profiles/1227110.stm)

<http://www.state.gov/r/pa/ei/bgn/35640.htm>

<https://www.cia.gov/library/publications/the-world-factbook/geos/br.html>

Brazil under Lula: Off the Yellow BRIC Road, Harvard Business School Case, Product No. 9-707-031. Download from

<http://cb.hbsp.harvard.edu/cb/access/6429969>

Brazil: Embracing Globalization, Harvard Business School Case, Product No. 9-701-104.

Download from <http://cb.hbsp.harvard.edu/cb/access/6429969>

[Four reasons to believe in Brazil,](#) Economist, July 26, 2010.

[How to get children out of jobs and into school,](#) Economist, July 29, 2010.

## 10. South Africa

[http://news.bbc.co.uk/2/hi/africa/country\\_profiles/1071886.stm](http://news.bbc.co.uk/2/hi/africa/country_profiles/1071886.stm)

<http://www.state.gov/r/pa/ei/bgn/2898.htm>

<https://www.cia.gov/library/publications/the-world-factbook/geos/sf.html>

Remaking the Rainbow Nation: South Africa in 2002, Harvard Business School Case,

[The Price of Freedom](#), Economist Special Report, June 3, 2010.

### Part III: Markets and Opportunities

#### 11. Lecture Notes.

[China and India, Contest of the Century,](#)  
[A Himalayan Rivalry,](#)  
Economist August 19, 2010.

The Post-American World, by Fareed Zakaria, W.W. Norton 2008. (Brief Summary at [http://www.fareedzakaria.com/home/Articles/Entries/2008/5/12\\_The\\_Rise\\_of\\_the\\_Rest.html](http://www.fareedzakaria.com/home/Articles/Entries/2008/5/12_The_Rise_of_the_Rest.html))

[The Fortune at the Bottom of the Pyramid: Eradicating Poverty through Profits](#), C.K. Prahalad.

#### **Class Procedures and Requirements:**

Class will consist of lectures and discussion of real life cases/examples, often from the daily business/economic news. I will endeavor to post links directing you to relevant news items we discuss in class. These links will be posted in the “Emerging Markets 360” discussion board under the Blackboard site for this course. You are expected to read these articles, follow and participate in the discussions in class. I may construct exam questions out of breaking news articles.

This is a hard class and will require a lot of attention, dedication and time on your part. I will make every effort to make it interesting, challenging and useful for you. There are a few things I would like to emphasize. As a student you are expected to **think** about the subjects/concepts discussed in class, **do your homework**, **read the material** assigned for class, and **ask questions**. Where possible, I have added hyperlinks to downloadable reading material, however **you are responsible for obtaining the readings**. All of them are accessible via the university library. I will **call upon you** in class, and you will be able to answer correctly if you keep up with the class. If have doubts or questions about the material covered in class, you can **ask me** about it in class or during my office hours.

Attendance is required. **I will take attendance at random**. If you are absent you will **lose 1% of your class participation score** for each absence. Please show consideration for your fellow students and for me through your conduct during class. Side conversations, late arrivals and early departures, reading the newspaper, cell-phones and the like are disruptive and disrespectful. Playing sheriff is an activity for which I have neither desire nor any comparative advantage, so I will count on all of you to uphold and enforce appropriate standards of classroom conduct. We all share responsibility for the quality of the educational experience.

### **Assessment:**

Course grades will depend on **three in-class exams** (25% each), a **term-paper** (15%), and **class participation** (10%). The dates for the exams are:

Exam 1 – September 29.

Exam 2 – October 27.

Exam 3 – Final Exam Day (TBA).

All appeals on exam grades should be submitted in writing by the start of class on the second day following the return of the exam. No consideration will be given to disputed exams without a written description of the specific appeal. Note that the entire exam will be re-graded, and the overall score can go up or down. Missing more than one midterm exam will automatically amount to a failing grade. If an exam absence is justified appropriately, I will count your average exam grade as a replacement grade for a missed exam.

### **Term Paper:**

There are two possible formats for the term paper.

(A) Pick one of the BRIC countries. Provide an analysis that identifies, in your opinion, the two biggest advantages and two biggest disadvantages associated with the future prospects of that country. Alternatively you can focus on the two biggest opportunities and drawbacks that a foreign firm might face in attempting to do business there.

(B) Pick a pair of BRIC countries and provide a comparative analysis of their prospects, focusing on their biggest advantage and disadvantage. Your analysis should end with your opinion regarding which of the two you would want to invest in or start a business.

Your paper should be no more than **5 pages, 12 pt, double-spaced**. It is due in the last class of the semester. You must inform me of your topic no later than **November 10** in the form of a **one-page outline**.

### **Inclement Weather Policy:**

The University administration determines if classes are canceled due to inclement weather; I do not cancel class due to inclement weather. Therefore, you should rely on any announcement by the University administration with respect to class cancellation. The most current information regarding University closings is available from the University of Arkansas Weather Hotline (575-7000), which is updated by 6 a.m. on the day in question, and the University of Arkansas Home Page ([www.uark.edu](http://www.uark.edu)). Also, KUAF 91.3 FM, the University's public radio station, is a good source for receiving information about whether the University is closed and classes are cancelled. If the University remains open, no announcement will be made through radio and television stations off campus. Should we have bad weather during this semester, I would expect you to use your best judgment regarding attending class.

### **Guidelines for Accommodations for Students with Disabilities:**

It is the Walton College policy that reasonable accommodations will be made for students with disabilities. Students must request any accommodations from their instructor in addition to requesting accommodations from the Center for Students with Disabilities (CSD). Please contact the CSD for details on seeking accommodations for students with disabilities.

**Academic Honesty:**

All students are expected to understand and adhere to the University's policy on academic honesty as expressed on pages 37 to 39 of the *2004-2005 Catalog of Studies* ([http://catalogofstudies.uark.edu/current/studies/06\\_AcademicReg.pdf](http://catalogofstudies.uark.edu/current/studies/06_AcademicReg.pdf)).

The University's *2004-2005 Catalog of Studies* states that "[a]cademic dishonesty involves acts that may subvert or compromise the integrity of the educational process at the University of Arkansas. Included is an act by which a student gains or attempts to gain an academic advantage for himself or herself or another by misrepresenting his or her or another's work or by interfering with the completion, submission, or evaluation of work" (p. 37). For a partial list of acts of academic dishonesty, see pages 37-38 of the *2004-2005 Catalog of Studies*.

**Disclaimer:**

The instructor reserves the right to alter the contents, requirements and/or scheduling of this course as he sees fit.