# Economics of Emerging Markets

## Prof. Marco Lossani

***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

The primary purpose of this course is to give participants the logical framework and the basic tools useful to understand the increasing role played by emerging markets during the recent globalization wave. The course aims at providing the tools useful to understand how an emerging economy can sustain a persistent growth, while limiting the business cycle volatility. Theoretical lectures will be supplemented by several case-studies taken from the recent evolution of the most important emerging markets.

At the end of the course students have to:

1. Understand the most important features of the macro models useful to explain the long-run growth of emerging markets.
2. Understand the most important macro indicators useful to interpret the short-run evolution of the business cycle of emerging markets.
3. Understand the most important documents prepared by international organizations and think-tanks on the evolution of emerging markets.
4. Command the technical jargon useful to communicate efficiently the acquired knowledge.

***COURSE CONTENT***

The course is divided in two units:

*Long-run growth in Emerging Markets (EMs).* The stylised facts related to growth in emerging economies. The role played by the proximate determinants of growth. The accumulation of production factors and technological progress. Exogenous and endogenous growth models. The role played by the deep determinants of growth. Geography and natural resources. Institutions (both extractive and inclusive). Commercial and financial liberalisation during the last phase of globalisation. The relevance of GVCs and the new international division of labour. From financial repression to financial liberalisation.

*Business Cycle and volatility in Emerging Markets (EMs).* The relation between long-run growth and business cycle. EMs business cycle: main stylized facts. Causes of business cycle volatility in EMs. The role of vulnerabilities: currency and maturity mismatch, capital reversal, sovereign risk, original sin and debt intolerance. From vulnerabilities to financial crises: determinants of (and interdependencies among) currency crises, banking crises and sovereign crises. The (apparent) emancipation of emerging economies. From a (fiscal and monetary) procyclical to a countercyclical economic policy. Current account deficits and accumulation of official reserves. The impact of the COVID-19 pandemic. The consequences of the conflict in Ukraine.

***READING LIST***

1. E. Colombo-M. Lossani, *Economia dei Mercati Emergenti,* Carocci Editore, 2009.

2. D. Weil, *Crescita Economica. Problemi, Dati e Metodi di Analisi.* Hoepli, 2007.

Additional material (papers and slides) will be provided on Blackboard.

***TEACHING METHOD***

Lectures and discussion of case studies

***ASSESSMENT METHOD AND CRITERIA***

Written exam, open ended questions on the whole program, two-hour long

This written exam can be replaced by two tests, each one-hour long, both concurring on equal terms to the definition of the final grade: The mid-term will take place during the break of the first semester in the examination session of January-February 2023 – to which all students can participate. Detailed instructions regarding the modalities of the above tests will be made available in Blackboard.

***NOTES AND PREREQUISITES***

*Prerequisites*

In order to get the most out of this course, students should have a basic knowledge of the key concepts of microeconomics, macroeconomics, international economics, and development economics. Otherwise, they are invited to contact the lecturer before the beginning of the course. Class attendance and an active participation during the lectures are highly recommended.

In case the current Covid-19 health emergency does not allow frontal teaching, remote teaching will be carried out following procedures that will be promptly notified to students.

Further information can be found on the lecturer's webpage at http://docenti.unicatt.it/web/searchByName.do?language=ENG or on the Faculty notice board.