

**ENGLISH TAUGHT PROGRAM
COLLEGE OF COMMERCE
NATIONAL CHENGCHI UNIVERSITY**

Emerging Financial Markets

Fall 2010

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The primary responsibility of a government is to improve the well being and raise the standard of living of its citizens. To deliver these benefits effectively, a government must skillfully and wisely mobilize the human, financial, and natural resources at its disposal. This task is particularly challenging for governments of emerging countries as they often lack the expertise and resources to build up the necessary financial structure or framework. The development path of each emerging country is also affected by its historical, cultural, and geographical background. Therefore, the policy and practice to finance economic activities would be different from country to country. However, while each emerging country faces unique circumstances, there are common challenges that confront all countries. This course will study the critical issues facing emerging countries and examine how different governments address these issues to achieve their economic objectives.

Prerequisite for the Course

Basic understanding of principles of economics, elementary accounting, and fundamental statistics.

Course Structure

- Definition of “emerging financial markets” and the background of international financial organizations, such as the International Monetary Fund, the World Bank, and the Asian Development Bank
- Emerging financial markets, financial globalization, and economic development
- The causes of financial crises: The crisis of the European Exchange Rate Mechanism, The Mexican, the Asian, and the Russian Financial Crises
- Common economic and financial issues confronting the emerging countries
- International trade, balance of payments, and the emerging economies
- Capital flows: The need for capital and the need for foreign exchange reserves
- Foreign direct investment, foreign exchange rates, and foreign exchange reserves
- Private enterprise versus state enterprise
- Functions of banks: Direct financing versus indirect financing
- The dominance of equity financing
- The need to develop a healthy and functional bond market
- Investment risks in emerging financial markets
- The financial reform in Taiwan

Course Grade Policy

The course grade will be determined by class attendance, participation in class discussion and group projects, performance on the midterm exam, and the performance on the final exam.

Suggested Text Books and References

Note: Those books marked with one, two, or three stars “★” are all available in the library of the School of Commerce. The three-star books are strongly recommended to be purchased; the two-star books are not recommended to be purchased, but will be referenced frequently in the class discussion. The one-star books are for reference readings. For all library-available books, their library reference numbers are provided in the parentheses. Books marked with a cross “+” are available on the website and can be read on the screen. Those non-marked books are also for reference readings.

- ★ ★ ★ ***Financial Globalization and the Emerging Market Economies***, Dilip K. Das, Routledge, 2004 (332.04291724 D229)

- ★ ★ ★ ***Capital Mobility, Exchange Rates and Economic Crises***, George Fane, Edward Elger Publishing Limited, 2000 (332.042 F211)

- ★ ★ ***Financial Big Bang in Asia***, Edited by Masayoshi Tsurumi, Ashgate Publishing Co., 2001 (332.095 F491-V)

- ★ ★ ***Emerging Financial Markets***, David O. Beim and Charles W. Calomiris, McGraw-Hill/Irwin, 2001 (332.091724 B422)

- ★ ***Emerging Financial Markets in the Global Economy***, edited by Larry Sawers, Daniel Schydrowsky & David Nickerson (American University, Washington, DC), 2000 (332.0415091724 E53)

- ★ ***Financial Policies in Emerging Markets***, Mario Blejier and Marko Skreb, The MIT Press, 2002 (332.091724 F491 III)

- ★ ***The Politics of the Asian Economic Crisis***, Edited by T. J. Pampel, Corness University Press, 1999 (332.095 P769)

- ★ ***Capital Flows and the Emerging Economies : Theory, Evidence, and Controversies***, Edited by Sebastian Edwards, University of Chicago Press, 2000 (332.042 C244-II)

- + ***Financial Markets And Development: The Crisis In Emerging Markets***, Alison Harwood, Robert E. Litan, and Michael Pomerleano, Brookings Institution Press, 1999 Chapter 2 Asian Crisis: Causes and Consequences (read on internet screen)

- + ***Global Development Finance 2006***, World Bank Staff, World Bank, World Bank Group

(read on internet screen)

Emerging Economies and the Transformation of International Business, Edited by Subhash C. Jain, Edward Elgar Publishing, 2006

The Volatility Machine: Emerging Economies and the Threat of Financial Collapse, Michael Pettis, Oxford University Press, 2001

China's Emerging Financial Markets, Wei Li, University of Virginia Darden School Foundation, 2002

Financial Markets Volatility and Performance in Emerging Markets, Edited by Sebastian Edwards and Márcio G. P. Garcia, National Bureau of Economic Research Conference Report, The University of Chicago Press, 2008

China's Emerging Financial Markets: Challenges and Opportunities, Edited by James R. Barth, John A. Tatom, and Glenn Yago, April 2009

Articles:

Note: Relevant articles from professional journals, reputable international economic research institutes or leading finance newspapers would be referenced from time to time.

Websites:

- The International Monetary Fund. www.imf.org
- The World Bank. www.worldbank.org
- The Asian Development Bank. www.abd.org
- Organization for Economic Cooperation and Development. www.oecd.org
- EmergingMarkets: Analysis of Finance in Developing Countries. www.emergingmarkets.org
- University of Iowa Center for International Finance and Development. www.uiowa.edu
- Emerging markets news from the Financial Times, with the latest market prices and investor analysis on FT.com. www.ft.com/markets/emerging
- Financial Supervisory Commission, Executive Yuan. www.fscey.gov.tw
- People's Bank of China. www.pbc.gov.cn