

MSc Seminar in Economics (WS 2016/17)

“Selected topics of emerging markets”

(topic this year: Capital Flows and Emerging Markets)

The following topics are offered for term papers (seminar theses). Respective starting literature is mentioned below each topic.

Foreign capital in growth strategies of emerging market economies (EMEs):

1. When is foreign capital effective? Intermediation and the domestic financial system.

Beck, T., Degryse, H., and Kneer, C. (2014). Is more finance better? Disentangling intermediation and size effects of financial systems. *Journal of Financial Stability*, 10(1), 50-64.

Hübler, O., Menkhoff, L., and Suwanaporn, C. (2008). Financial liberalisation in emerging markets: How does bank lending change? *The World Economy*, 31(3), 393-415.

Rajan, R. G. and Zingales, L. (1998). Financial dependence and growth. *American Economic Review*, 88(3), 559-586.

2. Foreign banks and foreign bank ownership.

Claessens, S., and van Hoorne, N. (2014). Foreign banks: Trends and impact. *Journal of Money, Credit and Banking*, 46(1), 295-326.

Cull, R., and Peria, M. S. M. (2013). Bank ownership and lending patterns during the 2008–2009 financial crisis: Evidence from Latin America and Eastern Europe. *Journal of Banking & Finance*, 37(12), 4861-4878.

Fungáčová, Z., Herrala, R., and Weill, L. (2013). The influence of bank ownership on credit supply: Evidence from the recent financial crisis. *Emerging Markets Review*, 15, 136-147.

Capital flow risks for emerging market economies:

3. Too much of a good thing? Exploding capital flows, volatility and cyclicity.

Contessi, S., De Pace, P., and Francis, J. L. (2013). The cyclical properties of disaggregated capital flows. *Journal of International Money and Finance*, 32, 528-555.

Forbes, K. J. and Warnock, F. E. (2012). Capital flow waves: Surges, stops, flight, and retrenchment. *Journal of International Economics*, 88(2), 235-251.

Obstfeld, M. (2012). Financial flows, financial crises, and global imbalances. *Journal of International Money and Finance*, 31(3), 469-480.

4. Can EMEs swim against the tide? Spillovers, capital flight, and inflow surges.

Ghosh, A. R., Ostry, J. D., and Qureshi, M. S. (2016). When do capital flow waves end in tears? *American Economic Review: Papers & Proceedings* 2016, 106(5), 581-585.

Ahmed, S. and Zlate, A. (2014). Capital flows to emerging market economies: A brave new world? *Journal of International Money and Finance*, 48, 221-248.

Agosin, M. R., and Huaita, F. (2012). Overreaction in capital flows to emerging markets: Booms and sudden stops. *Journal of International Money and Finance*, 31(5), 1140-1155.

5. From south to north? Global imbalances and EMEs as sources of capital flows.

Gourinchas, P.-O., and Jeanne, O. (2013). Capital flows to developing countries: The allocation puzzle. *Review of Economic Studies*, 80(4), 1484-1515.

Chinn, M. D., Eichengreen, B., and Ito, H. (2013). A forensic analysis of global imbalances. *Oxford Economic Papers*, 66(2), 465-490.

Reinhardt, D., Ricci, L. A., and Tressel, T. (2013). International capital flows and development: Financial openness matters. *Journal of International Economics*, 91, 235-251.

Consequences of illicit capital flows for EMEs: Tax evasion and avoidance

6. State capture and corruption in EMEs and hidden funds abroad.

Zucman, G. (2013). The missing wealth of nations: Are Europe and the U.S. net debtors or net creditors? *Quarterly Journal of Economics*, 128(3), 1321-1364.

Barry, F. (2015). Capital flight, safe havens, and secrecy jurisdictions. In *Capital Flight from Africa*. Ajayi, S. I., and Ndikumana, L. (Eds). Oxford: Oxford University Press.

Efobi, U., Asongu, S. A., and Beecroft, I. (2015). *Foreign Direct Investment, Aid and Terrorism: Empirical Insight Conditioned on Corruption Control*. African Governance and Development Institute Working Paper, WP/15/007.

7. Money laundering and the financing of terrorism.

Pieth, M. (2003). Financing of terrorism: Following the money. In *Financing Terrorism*. Pieth, M. (Ed.) Rotterdam: Springer.

Krieger, T., and Meierrieks, D. (2013). Terrorism: causes, effects, and the role of money laundering. In *Research Handbook on Money Laundering*. Unger, B., and van der Linde, D. (Eds). Northampton: Edward Elgar Publishing.

Mascarenhas, R., and Sandler, T. (2014). Remittances and terrorism: A global analysis. *Defence and Peace Economics*, 25(4), 331-347.

8. Can tax havens be regulated? Empirical strategies to identify success or failure.

Johannessen, N., and Zucman, G. (2014). The end of bank secrecy? An evaluation of the G20 tax haven crackdown. *American Economic Journal: Economic Policy*, 6(1), 65-91.

Hanlon, M., Maydew, E. L., and Thornock, J. R. (2015). Taking the long way home: US tax evasion and offshore investments in US equity and debt markets. *Journal of Finance*, 70(1), 257-287.

9. (Where) Do multinational enterprises pay their taxes? Development implications of tax avoidance.

Hebous, S., and Johannesen, N. (2015). *At your service! The role of tax havens in international trade with services*. CESifo Working Paper, 5414.

Sharman, J. C. (2012). Canaries in the coal mine: Tax havens, the decline of the west and the rise of the rest. *New Political Economy*, 17(4), 493-513.

Ndikumana, L. (2014). Capital flight and tax havens: Impact on investment and growth in Africa. *Revue d'économie du développement*, 22, 99-124.

Organization:

The module "Emerging Markets" consists of a lecture plus a seminar. The lecture is conducted 4 hours per week during the first half of the semester. The seminar takes place on two days in January 2017.

Time etc.:

The seminar language is English. It takes place either at Humboldt-University or the DIW Berlin (Mohrenstr.58) on two days (Thur/Fri or Fri/Sat). Most likely days are January, 19.-21. 2017. Please, keep these days reserved.

Application:

Please, bring your printed application sheet to the lecture including the following information:

- (i) your first and second name
- (ii) enrollment number
- (iii) semester
- (iv) courses and grades finished during your master studies
- (v) your preferences for three of the above mentioned topics
- (vi) case of hardship? (health, social, disability or family reasons)

In case of more than 20 applications we have to make a selection according to the rules of Humboldt-University.

In case of questions regarding the content of this seminar (and later discussion of your table of contents etc.), refer to Jakob Miethé, M.Sc., who is the seminar tutor (jmiethé@diw.de).

Lecture timeline:

24.10.16 start of lecture (4 hours per week)
05.12.16 end of lecture
12.12.16 submission of special work performance (submit two short essays, 15,000 characters, i.e. about 4 pages each)

Seminar timeline:

31.10.16 binding seminar application (please, not earlier)
01.11.16 decision about attendance if more than 20 applications
02.11.16 final allocation of seminar topics for presentations; thereafter preparation of your term paper / seminar thesis; please, contact us to talk about your content /structure of thesis and in case of problems
04.01.17 submission of term paper of about 30,000 characters, i.e. about 12-15 pages)
18.01.17 submission of your summary about the term paper
19.-21.01.17 2 days seminar, presentations

Total requirements:

Attendance at lecture, submission of special work performance
Attendance at seminar, submission of special work performance, presentation about the term paper (30 minutes)
Grading: depends on presentation; special work performances must be passed