1. COURSE OVERVIEW

This course will review the economic performance of Latin America in recent decades. Topics include debt crises, exchange rate regimes, inflation, stabilization, liberalization, the banking system, the challenges of dealing with macroeconomic imbalances, the debate about the role of international trade, and current economic issues. We will investigate several interpretations explaining the reasons why the region has undergone economic and social instability, and why the overall economic performance of Latin America has been disappointing.

2. DESCRIPTION OF THE COURSE

The historical and factual background for the class is overviewed in the class reading and lectures. The class discussion will apply basic economic analysis in order to provide the interpretation to Latin American Economics, and to highlight the various trade-offs facing the policy makers. The class discussion will introduce key analytical aspects of economic development and growth, and will illustrate their relevance for Latin America.

3. COURSE REQUIREMENTS

This course is open to all students. Knowledge of basic principles of microeconomics and macroeconomics is desirable but not necessary. When required, we will review the appropriate economic concepts and relevant basic economic theory.
There is not a required textbook for the course. Class lectures and discussions will be based on a series of articles and notes posted on the class website.

A useful reference is “The Puzzle of Latin American Development,” Third edition, (Rowman and Littelfield) by Patrice Franko,

Students are expected to read the assigned material for each session, to bring up news relating Latin America and world events, and to actively participate in class. An active participation implies asking/answering questions, sharing views, and participating in the presentation of “country case studies”

In the first meeting you must choose a Latin American country of interest and develop a research project. The research project should address a particular economic/development issue on the chosen country. For example, the project can cover topics such as “The role of trade and financial openness in Chile”, “The Impact of International banks entry on Mexican Economy”, “The Impact of Privatization in Argentina”, “What is the Role of Tourism in Costa Rica’s Economy”, “Hyperinflation in Brazil”, The role of China and India on the commodities export boom in Peru, etc. I will provide more details on the structure and contents of the countries case studies as the class evolves.

Grades will be based on the individual research project and its presentation in class, individual participation, a midterm and a comprehensive final exam (Wed., April 10). The weights of each requirement on your final grade will be

- Project and presentation 25%
- Individual participation 15%
- Mid-term 20%
- Final examination 40%

Please note that attendance is required to pass this class. I may at any time take spot attendance roll. Please note carefully that if you are absent more than two times without a valid justification, you will fail the class.
5. COURSE OUTLINE AND (TENTATIVE) READING LIST

Starred readings are required.

Week one

*Introduction and an overview of Latin America*


Week 2

*Dependence and Import Substitution Industrialization*

*Notes on ISI*


Week 3

*Debt Crisis and the Lost Decade: The Limits of External Financing, Current Account Sustainability.*

*Carrasco R. Enrique, “The 1980s: The Debt Crisis & The Lost Decade” Vazquez, I. The Brady Plan and Market-Based Solutions to the Debt Crises (The Cato Institute)*

Week 4

*Macroeconomic Policy, Inflation and Stabilization*

*“Stabilization and Reform in Latin America: A Macroeconomic Perspective on the Experience since the Early 1990’s,” IV Monetary and Exchange Rate Regimes. IMF Occasional Paper 288*
Week 5

Privatization and the role of the state

* “Monopoly Money” The Economist

Week 6

Latin America Returns to the Markets: Post 1990s and crises


Weeks 7 & 8

Trade Policy

* “Why Trade is Good for You,” The Economist, 10/3/1998, survey pp. 4-6

Weeks 9 & 10

Domestic and International Capital Markets in Latin America

* James Woepking, International Capital Markets & Their Importance
* Serge Jeanneau, 2006, “Banking systems: characteristics and structural changes,” BIS papers no. 33.
Week 11

*Income distribution*

*“Improving on the Latin Rate of Growth” The Economist*

“The Inequality in Latin America and the Caribbean: Breaking with History?”

“The Unfinished Poverty Agenda: Why Latin America and the Caribbean Lag Behind?”

Week 11

*Migration and Remittances*

*“Immigration Nation” Foreign Affairs*

*“Sending Money Home: Leveraging the Development Impact of Remittances,” Inter American Development Bank 2006*

Week 12

*Is Latin America Returning to Populism?*

*“Latin America Shifts Left: It’s the Economy”*

*“Latin America Left Turn” Foreign Affairs*

*Latin America and the Global Financial Crisis*


Week 13-15

*Presentations*