Economics 388: Latin American Economic Development  
Fall 2013  
Kenyon 216, M&W 1:30-2:45pm

Sarah Pearlman            Office Hours: M&T 3-5:00 pm  
Office: Blodgett 134A        and by appointment  
E-mail: sapearlman@vassar.edu

Overview
This course will examine why many Latin American countries started with levels of development similar to those of the U.S. and Canada but were not able to keep up. The course begins with discussions of various ways of thinking about and measuring economic development and examines the record of Latin American countries on various measures, including volatile growth rates, high income and wealth inequality, and high crime rates. We then will turn to an analysis of the colonial and post-Independence period to examine the roots of the weak institutional development than could explain a low growth trajectory. Next, we examine the post WWII period, exploring the import substitution of 1970s, the debt crises of the 1980s, and the structural adjustment of the 1990s. Finally, we will look at events in the past decade, comparing and contrasting the experience of different countries with respect to growth, poverty and inequality.

Learning Goals:
The main goal of this course is to understand how Latin America fell behind, in terms of economic growth, countries like the U.S. and Canada and, more recently, countries like Taiwan and South Korea. The secondary goal of the course is to provide you with more tools to answer this question. These include:
   1) An understanding of the necessary components for economic growth and why Latin American countries, at various points in time, failed to fully develop these components
   2) An understanding of the different policy experiments enacted by countries in the region and the successes and failures of these policies
   3) An basic understanding of how to do empirical analysis

Prerequisites:
Economics 100 (Introduction to Macroeconomics) and Economics 209 (Probability and Statistics), or equivalent. It is expected that you know basic macroeconomic concepts, such as GDP, GDP growth, inflation, and unemployment. It also is expected that you have some experience working with data and have seen regression analysis before.

Textbooks/Readings
The main texts for this course are:
   a) The Puzzle of Latin American Development by Patrice Franko.
   b) The Economic History of Latin America Since Independence, by Victor Bulmer-Thomas
   c) Left Behind, by Sebastian Edwards

There are numerous other readings. They are posted on Moodle.
Requirements:
In order to be as fair and impartial as possible I base grades on students’ knowledge and understanding of the material as demonstrated in work completed during the course. There will be no individual opportunities for extra credit. If at any point during the semester you face circumstances which prevent you from attending lecture and completing problem sets and/or exams on time and to the best of your ability, please contact or see me as soon as possible.

Breakdown of the Final Grade is as follows:

- Problem Sets/Reading reactions: 30%
- Class presentations: 18%
- Class participation: 5%
- Take home Midterm: 20%
- Final Paper: 27%

You are accountable for material presented in class. This includes presentations of paper and other material by your fellow classmates.

Group Problem Sets
There will be several problem sets during the course. These will involve a combination of data exercises and reading responses. You can work in groups, where groups can be as large as 2 people. You may talk with members of other groups, but each group must turn in an original problem set. If two groups turn in the same answer for a question, I will divide the total points evenly across the two.

Problem sets will be graded on a combination of accuracy and effort. Problem sets will be handed back with solutions the class after you turn them in. The policy for late problem sets is:
- Same day anytime after class: 1/3 off
- Any later: no credit

The only exceptions that will be made for late problem sets are documented emergencies. If you cannot make it to class to turn in your problem set please email it to me, leave it in my mailbox in the economics department office or under my office door. The economics office is open until 3:30 pm. Please follow the due dates on the problem sets themselves rather than the syllabus, as the latter might change during the semester.

Class Presentations (Group)
Each of you will do several, group presentations in class. Several of these will be country specific, and you will be asked to report on developments at distinct points in time in the country you are assigned during the first week of class. The other presentations will be on papers in the reading list. The goal of this exercise is to give you experience presenting on someone else’s work and to “divide and conquer” the material. While this means you will not have to do all of the reading, you are responsible for understanding the papers presented by your peers.

You also will have to write a short assessment of your presentation. This will outline the topic and how it fits into the broader themes of the course.
In Class Midterm
There will be a take home midterm the weekend after October Break. You can use all notes, books, and solution sets for the exams. The one thing you cannot use is each other. You may not discuss or work on the exam with anyone. Violations of this constitute cheating and will be brought to the Dean of Studies office for review by the Academic Panel. Finally, if your answers look strikingly similar to any solution set answers I will take it to the Dean of Studies office for review by the Academic Panel. This is plagiarism, constitutes academic dishonesty, and will be dealt with accordingly.

Final Paper
Your final paper will be on a topic of your choosing. It should be between 15 and 20 pages. This is a project that should take place throughout the semester, rather than in one, mad dash in the last weeks of classes. To improve the overall quality of the paper and reduce your stress load I have built in several intermediate steps during the semester. These include meeting with me to discuss topics, turning in an outline, and turning in a draft prior to the final date that will be peer reviewed. The peer review process is an important part of academic research, and thus the quality of your peer review will be a part of your final paper grade.

You also will be asked to briefly present your paper topic in the last week of class.

Academic Integrity
All work on problem sets, papers, and exams must be your own. If you use pieces of others’ writing, from books, articles, or papers you must put them in quotations and cite the source. Failure to do this means you are trying to pass off someone else’s work as your own. This is plagiarism, and any suspected cases will be brought to the Dean of Studies for review by the Academic Panel. If you have questions about the appropriate way to use material, please consult Vassar's Originality and Attribution: A Guide for Student Writers at Vassar College, which is on the Dean of the College and the Dean of Studies websites, or speak with me.

Academic Support
"Academic accommodations are available for students registered with the Office for Accessibility and Educational Opportunity. Students in need of ADA/504 accommodations should schedule an appointment with me early in the semester to discuss any accommodations for this course that have been approved by the Office for Accessibility and Educational Opportunity, as indicated in your AEO accommodation letter."
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<tr>
<th>Course Outline</th>
<th>Dates</th>
<th>Topic</th>
<th>Reading</th>
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<td><strong>Introduction</strong></td>
<td>9/4</td>
<td>Introduction</td>
<td>Franko Chapter 1</td>
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<td><em>Reading Questions for Next Class</em></td>
<td>Bulmer-Thomas Chapter 1</td>
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<td>Growth Theory</td>
<td>Bulmer-Thomas Chapter 1</td>
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<td><em>Problem set one handed out</em></td>
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<td><em>Country teams established</em></td>
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<td><strong>Historical Origins (Colonial Period to right after WWII)</strong></td>
<td>9/11</td>
<td>Colonial Period</td>
<td>Franko Chapter 2</td>
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<td><em>Learning Stata: Class in Econ Lab</em></td>
<td>Bulmer-Thomas Chapter 2</td>
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<td>9/18</td>
<td>1820-WWI</td>
<td>Bulmer-Thomas Chapter 3-5</td>
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<td><em>Problem set one due</em></td>
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<td>9/23</td>
<td>1820-WWI</td>
<td>Bulmer-Thomas Chapter 3-5</td>
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<td>“Financial Markets and Industrial Development”, Stephen Haber, Chapter 6 in <em>How Latin America Fell Behind</em></td>
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<td>9/25-30</td>
<td>1920s-1940s</td>
<td>Bulmer-Thomas Chapter 6-8</td>
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10/2-9
*Import Substitution*
Franko Chapter 3

*Problem Set 2 due (10/2)*
Bulmer-Thomas Chapters 9 & 10

*Problem Set 3 handed out*
Edwards Chapters 1 & 2


10/15-16
*NO CLASS*  
FALL BREAK

**Crises and Reform (1980s and 1990s)**

10/21-23
*The Debt Crisis*
Franko Chapter 4

*Problem Set 3 due*
Bulmer-Thomas Chapter 11

Commanding Heights video on Bolivia


10/25
*TALK*
Alan Dye, Barnard College

10/26
*MIDTERM emailed 9am*

10/28
*Structural Adjustment*
Franko Chapter 5

*Part I: Macroeconomic Stability.*
Edwards Chapters 3 & 4

*Midterm due*

10/30
*Structural Adjustment*

*Part II: Privatization*  
Franko chapter 6


“Latin America’s Growth and Equity Frustrations during Structural Reforms” Jose Antonio Ocampo. *Journal of Economic Perspectives* 18(2) 2004

11/4  NO CLASS

11/6-11  Crisis Revisited

*Paper Outlines due*

Edwards Chapters 6 and 7 (Mexico and Argentina)
Franko Chapter 6


11/8  TALK

Lisa Schineller, Sovereign Bond Analyst, Latin America, Standard and Poor’s

11/13  The last decade

Edwards Chapters 8-9
Franko Chapter 9


Velasco, Andres. “A Tale of Two Countries” Project Syndicate, March 14, 2013

**Topics**

11/18  Inequality


Commanding Heights videos
Franko Chapter 11


“Inequality and Institutions” Alberto Chong and Mark


11/20 Poverty
Franko Chapter 11
Edwards, Chapter 9


11/25 Trade Reform
Franko Chapter 8

11/27-12/2 Crime


12/4-9 Paper Presentations

12/13 FINAL PAPERS DUE Libertad!