

# Economic Issues in Latin America

ECON 161  
MW 5–6:20PM  
102 Peterson Hall  
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## I Description

A treatment of a variety of economic issues in Latin America. Topics range from the long term (determinants of productivity and inequality) to the short term (episodes of inflation, stabilization, and crises). Accordingly, there will be a mixture of the historical and the contemporary, all accompanied by economic models and quantitative evidence.

## II Readings

The required readings for this class can be found in three places. The first set of readings is contained in the textbook:

Cardoso, Eliana and Ann Helwege. (2002) *Latin America's Economy: Diversity, Trends and Conflicts*. MIT Press: Cambridge, Mass. (denoted below as C&H.)

Required readings from this book are listed below. There is also a reading packet, available at Soft Reserves. These materials are also required and are indicated with a double star. Single-starred items are also required, but can be found on the World Wide Web at the addresses given below. Additional, non-required materials are noted below and are for your reference. All of these materials can also be found on reserves at the Geisel Library, or through Electronic Reserves.

## III Requirements

In addition to the required readings, there will be several assignments (short essays and a problem set), an in-class midterm exam, and a final exam. The grade will be based 30% on the assignments, 25% on the midterm, and 45% on the final. The midterm will take place in class on October 27th. If your grade on the final exceeds your grade for the midterm, I will “upweight” the final to 70% of your grade and “downweight” the midterm to zero.

## IV Plan of the Course

### A Introduction

C&H ch. 1 and 2.

\*\* Inter-American Development Bank. (2000) .“Latin America at the Turn of a New Century”, pp. 1–36, Chapter 1 of *Development beyond Economics: Economic and Social Progress in Latin America*, Annual Report.

### B Institutions and Productivity

\*\* Sokoloff, Kenneth and Stanley L. Engerman. (2000) “Institutions, Factor Endowments, and Paths of Development in the New World”, *Journal of Economic Perspectives*, Vol. 14, no. 3, pp. 217-32.

\*\* Haber, Stephen H. (1991) “Industrial Concentration and the Capital Markets: A Comparative Study of Brazil, Mexico, and the United States, 1830–1930.” *Journal of Economic History*, Vol. 51, no. 3 (Sept.), pp. 559–580. (JSTOR)

Bergoeing, Raphael, *et al.* (2002) “Decades Lost and Found: Mexico and Chile Since 1980”. *Quarterly Review*, Federal Reserve Bank of Minneapolis, Vol. 26, No. 1 (Winter), pp. 3-30. <http://www.mpls.frb.org/research/qr/qr2611.html>

Kalmonovitz, Salomón. (1999) “Las Instituciones Colombianas en el Siglo XX”. Borradores de Economía, Banco de la República de Colombia, no. 131. September. <http://www.banrep.gov.co/docum/ftp/borra131.pdf>

### C Trade and Dependency

C&H ch. 3, pp. 56–66, and ch. 4.

\* Wasserman, Miriam. (2002) “Trouble in Coffee Lands”, *Regional Review*, Federal Reserve Bank of Boston, 2002:QII, pp. 4–13. <http://www.bos.frb.org/economic/nerr/rr2002/q2/coffee.htm>

\*\* *The Economist*. (1997) “Stranded on the Farm?” October 4th, p. 128.

Lind, Michael. (2003) “Free Trade Fallacy” *Prospect*. New America Foundation. January 1. On the web at <http://www.newamerica.net/>. (direct link)

Cardoso, Fernando Henrique and Enzo Faletto. (1979) *Dependency and Development in Latin America*. University of California Press: Berkeley.

Galeano, Eduardo. (1971) *Las Venas Abiertas de América Latina*. Siglo Veintiuno Editores: Mexico City.

Apuleyo M., Plinio, Carlos Alberto M. and Álvaro Vargas Ll. (1996) *Manual del Perfecto Idiota Latinoamericano*. Plaza y Janés Editores: Barcelona.

## D Inequality

C&H ch. 9 (pp. 223–6, 231, 236–248) and 10 (pp. 251–60, 267–71, 276–8).

\*\* Mead, Rebecca. (2003) “Dressing for Lula”, *The New Yorker*, March 17, pp. 82–91.

de Soto, Hernando. *El Otro Sendero: La Revolución Informal*. Editorial Sudamericana: Buenos Aires. 1987.

## E Populism and Conflict

C&H ch. 8.

Dornbusch, R. and S. Edwards. (1991) *The Macroeconomics of Populism in Latin America*. MIT Press: Cambridge, Mass.

## F Inflation, Stabilization, and Dollarization

C&H ch. 6 (all) and 7 (169–79, 181–2, 188–196, 199–200).

\* Kopcke, Richard. (1999) “Currency Boards: Once and Future Monetary Regimes?” *New England Economic Review*, Federal Reserve Bank of Boston, May/June, pp. 21–37.

<http://www.bos.frb.org/economic/neer/neer1999/neer399b.htm> (direct link)

\* Latin America Research Group (2002) “Dollarization in Latin America”. *LARG Brief*, Federal Reserve Bank of Atlanta. March. [http://www.frbatlanta.org/econ\\_rd/larg/larg\\_index.cfm](http://www.frbatlanta.org/econ_rd/larg/larg_index.cfm) (direct link)

## G Volatility and Crises

\* Gavin, Michael *et al.* (1995) “The Macroeconomics of Capital Flows to Latin America: Experience and Policy Issues.” Working Paper, no. 310, Inter-American Development Bank: Washington, D.C., October. <http://www.iadb.org/res> (direct link)

\*\* Chang, Roberto. (1999) “Understanding Recent Crises in Emerging Markets”, *Economic Review*, Federal Reserve Bank of Atlanta, 1999:QII, pp. 6–16.

\* Caballero, Ricardo. (2002) “Insuring Emerging Markets”. October 22. <http://web.mit.edu/caball/www/EmergingMoped2.pdf>.