

Fall 2010

ECONOMICS 237  
ECONOMIC GROWTH AND DEVELOPMENT IN LATIN AMERICA  
(Tuesdays and Thursdays, 10:25-11:40am, Olin 113)

**Prof. Maria Amparo Cruz-Saco**

207 Winthrop, Ext. 5212

[macru@conncoll.edu](mailto:macru@conncoll.edu)

Office hours:

Tuesdays and Thursdays, noon to 1pm, and by appointment

Syllabus, assigned readings, assignments, due dates and announcements are on our moodle site. Access the site frequently to keep updated with course information.

1. Purpose of the course

This is a course that will introduce you to the study factors affecting growth and development in Latin America. We will analyze regional historical roots, the different views of looking at development and growth in the region, strategies for economic development, the debt crisis, poverty and inequality, a critical view at neoliberal policies and globalization – how it affects Latin America.

2. Description of the course

The interdisciplinary focus of this class was developed following a Connecticut College faculty seminar on Interdisciplinary Curricula organized by the International Commons in the Spring 2010. This course has a Spanish component that meets weekly for one hour. Students are expected to read the assigned material for each session and to actively participate in class. Active participation implies asking/answering questions, sharing views, conducting individual research on short questions for meetings, and in general, providing sensible and informed comments on assigned topics. This class is demanding in terms of reading assignments, class discussions, student debates and presentations.

3. Prerequisites

Eco 111 and Eco 112.

4. Course Requirements

Three examinations (including final exam)	70%
Class participation, written journals, quizzes, presentations, debates	30%

Two or more unjustified class absences will lower your class participation grade.

5. Required Books

Franko, Patrice, 1999. *The Puzzle of Latin American Economic Development*. New York, Rowman & Littlefield Publ. (in bookstore)

Lopez-Calva, Luis F. and Nora Lustig, editors, 2010, *Declining Inequality in Latin America: A Decade of Progress?* Washington D.C., Brookings Institution Press. (in bookstore)

Silva, Eduardo, 2009, *Challenging Neoliberalism in Latin America*, New York, Cambridge University Press. (in bookstore)

And selected chapters from

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

Fiszbein, Ariel and Norbert Schady, 2009, *Conditional Cash Transfers. Reducing Present and Future Poverty*, Washington, The World Bank.

Frieden, Jeffrey, A., David A. Lake, and J. Lawrence Broz, 2010, *International Political Economy. Perspectives on Global Power and Wealth*, New York, W.W. Norton and Company.

#### 6. Sample questions addressed in this course

- What determines productivity growth?
- What determines economic growth?
- What is an adequate definition of development?
- Is the hypothesis of the natural resource curse true for the region?
- What factors (cultural, economic, environmental, historical, institutional, other) are most important in affecting economic growth and development and why?
- How is/will China affect the regional economic growth and development?
- What are the advantages and disadvantages of increased globalization for the region?
- Is free trade promoting economic growth? What are the arguments pro/against?
- What is an appropriate exchange rate policy? Why?

#### 7. Short journals/entries on assigned readings

For each class, you should come prepared with brief notes on the readings. To make your job easier, you may prepare a matrix that is made up of rows and columns. In the rows you will write down your comments to the questions listed below. On the columns you may write the author's name. This way, you will have a clear cross sectional comparison of the authors we are working with. The specific questions (for the rows) are the following:

- What is the main argument?
- How does the author justify/substantiate the argument? (methodology, quality of evidence, breath, were enough variables considered, timing of the research, etc.)
- Key findings?
- Your critical opinion/views about the author's methodology and findings.

#### 8. Student presentations on selected countries/ class debates:

Beginning in November we will be looking at the cases of selected countries. Students will work in small teams (3 students, except for Brazil and Mexico that will have 4 students) and make class presentations on pressing economic and social issues for each of our selected countries. After Thanksgivings break, teams of 3 students will prepare debates on topics that will be announced later in the semester.

#### 9. Academic honor

Academic honor is of utmost importance. Depending on the violation, a student could receive an F grade on the test, assignment or course, and could be suspended or expelled from the College. All students must write the following pledge in every exam before it is handed in for grading: "I promise neither to give nor receive any aid on this examination." Please, read the section on academic integrity at

<http://aspen.conncoll.edu/camelweb/index.cfm?fuseaction=zbook&circuit=4&function=view&action=10063&solution=40&zbook=1584&fuse=plagiarism#zbook1584>.

And, for a description of plagiarism, please check:

<http://www.conncoll.edu/Libraries/info-resources/subject-guides/plagiarismguide.html>

#### 10. Learning disability

If you have a physical or mental learning disability which may require classroom, test-taking or other reasonable accommodation, please let me know as soon as possible. If you have not already done so, please be sure to register with Sherine A. Miller, Director of the Office of Student Disability Services, extension 5240.

#### 11. The Writing Center

**The Roth Writing Center** provides one-to-one peer tutoring (free of charge) to help student writers of all abilities during all stages of the writing process. To make an appointment, call x2173 or stop by the Writing Center at 214 Blaustein. If you're a confident, experienced writer we can help you to push your ideas and polish your style; if you're a relatively inexperienced and not-so-confident writer we can also help you, by working on grammar or organization or whatever you need. Writing Center tutors are trained to help you to discover what you think through writing. Working with a tutor gives you the opportunity to share your work-in-progress with an actual reader, so that you can get useful feedback on that work *before* you have to turn it in for a final grade. For further information, visit the Writing Center web page at <http://write.conncoll.edu/>.

#### 12. Program

<u>Session</u>	<u>Topics and Assigned Readings</u>
Thursday, September 2	<u>Introduction</u> <u>Conceptualizing “economic growth” and “development”</u>  ECLAC, Economic Survey of Latin America and the Caribbean, 2009-2010, Briefing Paper Stiglitz, Sen, Fitoussi, 2009, Executive Summary, Report by the Commission on the Measurement of Economic Performance and Social Progress.
Tuesday, September 7	<u>1. An overview of economic change in the region</u>  Sokoloff and Engerman, History Lessons: Institutions, Factor Endowments, and Paths of Development in the New World.  Franko, Ch 1, Development in Latin America: Conceptualizing Economic Change in the Region Franko, Ch 2, Historical Legacies: Patterns of Unequal and Unstable Growth
Thursday, September 9	<u>2. Import substitution industrialization</u>  Cardoso and Faletto, Dependency and Development in Latin America, preface, chapter one – introduction, chapter two – comprehensive analysis of development, chapter three – the period of “outward expansion,”

Franko, Ch 3, Import Substitution Industrialization: Looking Inward for the Source of Economic Growth

Tuesday,  
September 14

3. Latin America's debt crisis

Franko, Ch 4, Latin America's Debt Crisis: The Limits of External Financing

Thursday,  
September 16

4. Macroeconomic stabilization

Franko, Ch 5, Macroeconomic Stabilization: A Critical Ingredient for Sustained Growth

Tuesday,  
September 21

5. The role of the state and financing for development

Franko, Ch 6, The Role of the State: From a Smaller to a Smarter State

Franko, Ch 7, Financing Development: Public and Private Capital Flows

Acemoglu, Root Causes: A Historical Approach to Assessing the Role of Institutions in Economic Development

Thursday,  
September 23

6. The Globalization debate, part 1

Franko, Ch 8, Contemporary Trade Policy: Engine or Brakes for Growth?

Frankel, Globalization of the Economy

Frieden, International Investment and Colonial Control: A New Interpretation

Frieden, Globalization and Exchange Rate Policy

Tuesday,  
September 28

7. The Globalization debate, part 2

Schmukler, Financial Globalization: Gain and Pain for Developing Countries

Dollar, Globalization, Poverty, and Inequality since 1980

Thursday,  
September 30

8. The Globalization debate, part 3

Williamson, Globalization and Inequality, Past and Present

Sally, The Political Economy of Trade Policy Reform: Lessons from Developing Countries

Rodrik, How to Save Globalization from its Cheerleaders

Tuesday,  
October 5

**First mid-term exam**

Thursday,  
October 7

**Fall Break**

Tuesday,  
October 12

9. Factors affecting Productivity

Franko, Ch 9, Policies Underpinning Growth: Productivity and Competitiveness in the Global Economy

Franko, Ch 10, Rural Development: Sowing the Seeds of Equitable, Sustainable Growth in Latin America

Thursday,

10. Poverty and Inequality

October 14

Franko, Ch 11, Poverty and Inequality: Addressing the Social Deficit in Latin America  
Franko, Ch 12, Health Policy: Investing in People's Future  
Franko, Ch 13, Education Policy: The source of Equitable, Sustainable Growth

Tuesday,  
October 19

11. Conditional Cash Transfers

Fiszbein and Schady, Conditional Cash Transfers. Reducing Present and Future Poverty, Overview,  
Ch 1 – Introduction, Ch 2 – The Economic Rationale for Conditional Cash Transfers

Thursday,  
October 21

12. Challenging Neo-liberalism

Silva, Ch 1, The Inconvenient Fact of anti-Neoliberal Mass Mobilization  
Silva, Ch 2, Contentious Politics, Contemporary Market Society, and Power  
Silva, Ch 3, The Argument: Explaining Episodes of Anti-Neoliberal Contention in Latin America

Tuesday,  
October 26

13. Declining Inequality, part 1

López-Calva and Lustig, Explaining the Decline in Inequality in Latin America: Technological  
Change, Educational Upgrading, and Democracy  
Kahhat, Labor Earnings Inequality: The Demand for and Supply of Skills

Thursday,  
October 28

14. Declining Inequality, part 2

Robinson, The Political Economy of Redistributive Policies  
Alvaredo and Piketty, The Dynamics of Income Concentration in Developed and Developing  
Countries: A View from the Top

Tuesday,  
November 2

15. Argentina

Silva, Argentina  
Gasparini and Cruces, A Distribution in Motion: The Case of Argentina

Thursday,  
November 4

16. Bolivia and Ecuador

Silva, Bolivia  
Silva, Ecuador

Tuesday,  
November 9

17. Venezuela

Silva, Venezuela

Thursday,  
November 11

18. Peru and Chile

Silva, Peru and Chile  
Jaramillo and Saavedra, Inequality in Post-Structural Reform Peru: The Role of Market Forces and  
Public Policy

Tuesday,  
November 16

19. Brazil

Barros, Carvalho, Franco, and Mendonca, Markets, the State, and the dynamics of Inequality in

Brazil

Thursday,  
November 18

20. Mexico

Esquivel, Lustig, and Scott, Mexico: A Decade of Falling Inequality: Market Forces or State Action?

Tuesday,  
November 23

**Second mid-term exam**

Thursday,  
November 25

**Thanksgivings break**

Tuesday,  
November 30

Putting it all together (5 class debates)

Class debates and student presentations

Thursday,  
December 2

Class debates and student presentations

Tuesday,  
December 7

Class debates and student presentations

Thursday,  
December 9

Class debates and student presentations

Tuesday,  
December 14

Last day of classes  
Class debates and student presentations

**Final examinations (self-scheduled):** Friday, December 17 to Wednesday, December 22

Notes: