

**Latin American Economic Development**  
**(AAE 462, Eco 462, Bus 462)**

3 Units – Face-to-face Traditional Lecture

Course Website: <https://uwmad.courses.wisconsin.edu/d2l/home/4024597>

Tuesday and Thursdays, 1:00-2:15, Nutritional Sciences 290  
Office Hours – T 2:30-4:30, Weds 1:30-2:30 or by appointment.  
422 Taylor Hall, [bradford.barham@wisc.edu](mailto:bradford.barham@wisc.edu), tel: 265-3090.

**Course Description:**

Economic theory, empirical evidence, and historical accounts are combined in an attempt to understand the various forces that have shaped economic development in Latin America with a strong emphasis on the recent ‘growth with equity’ era. The course is open to any student with either some background in economics (an intro course and perhaps one other) or previous Latin American course work (including LAS 260 and other social science courses related to Latin American politics and society). It will use economic tools and ideas that span the discipline (micro, macro, econometrics, development), but most of your grade will be based on active, engaged development of your knowledge of key concepts and models rather than abstract ‘tests’ of your ability to manipulate them. **Why is that?**

This course is mostly ‘flipped’, in that students will frequently use class time to discuss ideas and do individual and group projects that focus on preparing integrated thematic analyses of the development experience of a specific Latin American country. These will be shared with other students in your group and across country groups in the form of presentations and written study notes that will be shared prior to the two exams. Students will be asked on exams to compare their work with that of others. Exams center on applying concepts, models, and ideas we have discussed and explored preparing presentations and study notes. In other words, you will have developed strong working knowledge of the economic development processes and outcomes prior to exams, and it will be those efforts that earn you most of your grade and shape your exam efforts.

We focus on six Latin American countries (Argentina, Brazil, Chile, Colombia, Mexico, and Peru). Depending on enrollment and interest, we might add a Central American country or two. The course is divided into two historical eras: late 1800s-early 1990s and the late 1990s- to the present. Lectures typically include 1-2 short presentations (~15 minutes) by the professor, mixed in with individual exercises, small group efforts, and class discussions of key issues that will guide the individual and team studies of specific countries. The two exams correspond to the historical eras, and will be the week following the group presentations, which aim to serve as ‘review’ and ‘synthesis’ sessions in preparation for the exams.

Each student will be part of a 4 or 5-person country group and will have a theme they are taking the ‘lead’ on for the group. Students will write up their research work on that theme (3-5 pages per ‘era’), and this material will provide the core content for their portion of the group presentation to be shared with other country groups. Some group presentations will be made in class, and some will be held outside of class hours to allow more time for sharing of ideas and reduce duplication during class time. For example, if you are in an Argentina country group, your presentation may be combined with the Brazil group in class on one day, and then you will be required to attend the presentations of the other country groups in an evening session. That means

twice in the semester (once in week 6 and once in week 15) you will have an extra class session. As mentioned above, these presentations will precede the mid-term and final exams.

Our learning outcomes are as follows: students will learn the language of international development economics and become proficient in an array of concepts from primary product exports to conditional cash transfers to migration and remittances to corruption and civil conflict. We will think about how markets and different development strategies and processes provide different opportunities and returns for the rich and the poor, urban and rural, ladino and indigenous peoples, large and small countries, and so on. We will weigh contending theories of economic development to see what their strengths and weaknesses are, and students will be expected to keep these theories in mind as they examine policies and experiences in the countries and episodes we study.

This class meets for two 75-minute class periods each week over the fall/spring semester and carries the expectation that students will work on course learning activities (reading, writing, problem sets, studying, etc.) for about 3 hours out of classroom for every class period. The syllabus includes more information about meeting times and expectations for student work.

*Note: The main prerequisite for this course is an introductory economics course. The most challenging part of the course will be reading academic articles that sometimes involve statistical analysis of economic phenomena and extracting the main empirical findings from them.*

#### **Course Schedule:**

The course is based on weekly thematic modules that frame the group presentations. Each student will develop expertise in one of the modules for their part of the presentation. They will also be encouraged to meet with other students in that thematic area to sharpen their analytical approach and with other students in their country group to integrate their findings into the country account. Here are the thematic modules and their ‘timing’ in the course:

#### **Week 1: Introduction and Contending Theories of Latin American Development (1/22-24)**

Class 1: Course design, assignments; Canvass, Getting Going

Class 2: Legacies, Trends, and Contending Theories of Latin American Development (review lecture 2A)

#### **Weeks 2 & 3: The Curse and Opportunity of Resource Riches (1/29-1/31; 2/5-2/7)**

Class 1: Contending Theories of Latin American Development, Country groups formed

Class 2: Resource Abundance, Resource Curse, Themes identified for country groups

Class 3: Dutch Disease, Winners and losers, first look at country-level evidence on primary product exports

Class 4: Central American cattle boom; coordination on logistics and materials within country group and with other cohort partner

#### **Week 4: The Logic and Performance of Import Substitution Industrialization (2/12, 2/14)**

Class 1: ISI Logic, ISI contradictions, and Measures of Distortion

Class 2: ISI experience of countries – timing, how far did they get, role of trade and FDI

#### **Week 5: Paths into and Responses to the Debt Crisis / War in Central America (2/19, 2/21)**

Class 1: The 1980s (‘Lost Decade’) – Debt and War

Class 2: Stabilization Episodes – Country-level discussions

**Week 6: Group Presentations (2/26-2/28 – Integrating week 2-5 themes): Tentative Schedule**

Class 1: Argentina and Brazil – Cohort 1

Tuesday evening - Mexico, Colombia, Cohort 1

Wednesday evening – Chile, Peru, Cohort 1, Argentina and Brazil, Cohort 2

Class 2: Mexico and Colombia – Cohort 2

Thursday evening: Argentina, Brazil – Chile and Peru, Cohort 2

**Week 7: Exam 1 and Central American Migration (3/4-3/7)**

**Midterm 1 review, Monday, March 4**

Class 1: Midterm 1, MARCH 5<sup>th</sup> in class

Class 2: Central American Migration Unit

**Week 8: Central American Migration (3/12, NO CLASS 3/14)**

Class 1: Central American Migration Unit

Class 2: NO CLASS

**Spring Break March 3/15 – 3/24****Week 9: Neoliberal Resurgence and Decline (1990s) (3/26-3/28)**

Class 1: The Ascent and Descent of the Washington Consensus

Class 2: Turning Left in Latin America, Theme choice initial discussion

**Week 10: Growth w/ Equity – Booming Exports, FDI, and PD (4/2-4/4)**

Class 1: Export Boom, FDI, and Macroeconomic Policy

Class 2: Premature Deindustrialization (PD), Group discussion on themes

**Week 11: Inequality, Poverty, and Productivity (4/9-4/11)**

Class 1: Trends in Labor Markets and Social Policy

Class 2: Labor, wages, pensions, and more, Theme-partner discussions

**Week 12: Migration and Education (4/16-18)**

Class 1: Domestic and international migration

Class 2: Education and human capital, Country notes and group drafts due

**Week 13: Collapse, Crime, and Corruption (4/23-25)**

Class 1: Decline of commodity prices and external balances, Crime

Class 2: Corruption and conflict, Clean up group and individual presentations

**Week 14: Group Presentations? (4/30-5/2)**

Class 1: Argentina, Brazil, and Mexico – Cohort 2

Tuesday evening - Chile, Colombia, and Peru – Cohort 2

Weds Evening: Argentina, Brazil, and Mexico – Cohort 1

Class 2: Chile, Colombia, and Peru – Cohort 1

**Review Session: Friday, May 3, 3:30-5pm**

**Final Exam: Sunday, May 5, 2:45-4:45pm**

**Grading Scheme:**

- Midterm Exam – **20%** (in-class exam –short/medium answer questions)
- Final Exam – **25%** (mostly short-answer, one integrative writing piece)
- 6 Quizzes – **10%** total (you can throw out one of 6, 2% each)
- Individual Presentations and Notes – **25%** (5% for each, each time, plus 5% for drafts)
- Group Presentation Coherence – **10%** (5% each time based on quality and coherence)
- Other writing and homework assignments – **10%** (two essays 5% inc. 1% for exchange)
- Participation – raises grades on the margin and indirectly helps with rest of above.

**Course Assignments:**

**Week 1:** Nothing due but thought paper 1 handed out, and we choose country groups (sign-up sheet in class)

**Week 2:** Class 2, Jan 31, 2019 – Hand-in + exchange essay 1, with someone in your country group

**Week 3:** Class 1 – Short quiz, discuss individual essay and responses with peer, Class 2 – Key questions and identify initial readings for country study

**Week 4:** Class 1 – Short quiz, Class 2 – **Group presentation outline due** (main talking points)

**Week 5:** Class 1 – Short quiz, Class 2 – **Rough draft (group ppt presentation + individual notes)**

**Week 6:** Group presentations and presentation papers for part 1 of course

**More on Group Presentations (applies to week 14 presentation, too):**

1. 25-30 minute power point or other type of presentation with supporting documentation\*
2. Each student presents ~5 minutes on their theme (e.g. agro-exports in Brazil)
3. Need a moderator (opens and closes presentation)
4. Supporting documentation –documented talking points for each presentation including references.

**Week 7:** Midterm

**Week 8:** Nothing due, thought paper 2 handed out

**Spring Break**

**Week 9:** Thought paper 2 on Central American migration due on TH 3/28, bring 2 copies, 1 for exchange.

**Week 10:** Class 1 – Short quiz, Class 2 – Group questions/issues handed in,

**Week 11:** Class 1 – Short quiz, Class 2 – Group notes on trade, productivity, and external balances

**Week 12:** Class 1 – Short quiz, Class 2 – **Outline for group ppt, and individual notes**

**Week 13:** Class 2 – **Rough draft (group ppt and individual notes)**

**Week 14:** Group presentations; Individual notes due on day of presentation, same with group slides.

**Final Exam: Sunday, May 5, 2018, 2:45-4:45pm**

**Reading Materials:**

1. Chapters and articles posted to web site at Canvass for all students
2. Articles posted to web site for country studies – by country/region

**General Readings: Franko text chapters are on line, along with all 28 articles/monographs on the course web site.**

**Week 1:** Franko, Ch. 1, p. 56-61, Lindaeur and Pritchett (2002), Albert Fishlow (1990), and Charles Gore (2000),

**Weeks 2-3:** Franko, Ch. 2, Engerman & Sokoloff (2002), Barham & Coomes (1994), Williams (1986).

**Week 4:** Franko, Ch. 3, Todaro (1989), and Baer (1972).

**Week 5:** Franko, Chs 4-5, Trebat (1991)

**Week 6:** No readings – group presentations and review for exam

**Week 7:** Brick et al (2011)

**Week 8:** Cruz (2011), Rosenblum (2015)

**Week 9:** Franko, Chs 6-7, Pastor & Wise (1999), Amman & Baer (2002), Castaneda (2006)

**Week 10:** Casanova and Kassum (2014), Hall et al. (W Bank Resource Booms), Paus (2014), Rodrik (2015)

**Week 11:** Lustig et al. (2013), Birdsall et al., (2012)

**Week 12:** Fajnzlber and Lopez (2006); Acosta et al. (2005), Levy & Schady (2013), Rawlings and Rubio (2005)

**Week 13: TBA**

**Week 14: None**

**Country specific readings: See Canvas web site**

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Online Readings, Spring 2016

- (1) David Lindauer and Pritchett. "What's the Big Idea? The Third Generation of Policies for Economic Growth," *Economia*, 3, 1(2002): 1-40.
- (2) Albert Fishlow, "The Latin American State" *The Journal of Economic Perspectives*, 4 ,3, Summer (1990), 61-74
- (3) Charles Gore, "The Rise and Fall of the Washington Consensus as a Paradigm for Developing Countries," *World Development*, 28, 5 (2000): 789-804.
- (4) Stanley Engerman and Kenneth Sokoloff, "Factor Endowments, Inequality, and Paths of Development among New World Economies," *Economia*, Fall (2002): 41-109.
- (5) Bradford L. Barham and Oliver T. Coomes, "Reinterpreting the Amazon Rubber Boom: Investment, the State, and Dutch Disease," *Latin American Research Review*, 29, 2 (1994), 73-109.
- (6) Robert G. Williams, "Part Two: Cattle", *Export Agriculture and the Crisis in Central America*, (Chapel Hill, University of North Carolina Press: 1986): 77-152.
- (7) Michael Todaro, "Trade Strategies: Import Substitution," chapter 16 in Todaro, *Economic Development in the Third World*, 4<sup>th</sup> ed. (New York, Longman, 1989).
- (8) Werner Baer, "Import Substitution and Industrialization in Latin America: Experiences and Interpretations," *Latin American Research Review*, 1 (1972): 95-122.
- (9) Thomas Trebat, "Resolving the Debt Crisis: Prospects for the 1990s," in *Latin America: The Crisis of the Eighties and the Opportunities of the Nineties*, ed. Werner Baer, et al., (University of Illinois: Urbana, 1991): 13-44.
- (10) Kate Brick, E. Challinor, and Marc R. Rosenblum. "Mexican and Central American immigrants in the United States." *Washington, DC: Migration Policy Institute, June*. <http://www.migrationpolicy.org/pubs/MexCentAmimmigrants.pdf> (2011).
- (11) Jose Miguel Cruz, "Criminal violence and democratization in Central America: The survival of the violent state." *Latin American Politics and Society* 53.4 (2011): 1-33.
- (11.5) Marc Rosenblum, "Unaccompanied child migration to the United States." (2015).
- (12) Manuel Pastor, Jr. and Carol Wise, "Stabilization and its Discontents: Argentina's Economic Restructuring in the 1990s," *World Development*, 27, 3 (1999): 477-503.
- (13) Edmund Aman and Werner Baer, "Anchors Away: The Cost and Benefits of Brazil's Devaluation," *World Development*, 31(6): 1033-1046.
- (14) Castañeda, J. "Latin America's left turn: A tale of two lefts." *Foreign Affairs*. 85, 3 (2006): 28-43.

- (15) Lourdes Casanova and Julian Kassum, *The Political Economy of an Emerging Global Power: In search of the Brazil Dream*, Palgrave MacMillan, 2014 (pages x-y)
- (16) Eva Paus, “Latin America and the middle-income trap,” CEPAL, 2014.
- (17) Dani Rodrik, “Premature Deindustrialization,” IAS Working paper #107, 2015.
- (18) Hall et al. *Natural Resources in Latin America and the Caribbean: Beyond Booms and Busts*, World Bank.
- (19) Nora Lustig, F. Lopez-Calva, Eduardo Ortiz-Juarez, “Declining inequality in Latin America in the 2000s: The Cases of Argentina, Brazil, and Mexico,” *World Development* 44(2013): 129-141.
- (20) Nancy Birdsall, Nora Lustig, and Darryl McLeodet. “Declining Inequality in Latin America: Some Economics, Some Politics,” Center for Global Development, Working Pap, 251, 2011
- (21) Pablo Fajnzylber and J. Humberto López, *Close to Home: The Development Impact of Remittances in Latin America*, World Bank, 2006.
- (22) Acosta et al. “What is the Impact of International Remittances on Poverty and Inequality in Latin America?” World Bank, 2005.
- (23) Levy, S. & Schady, N. Latin America's social policy challenge: education, social insurance, redistribution. *The Journal of Economic Perspectives*, 27(2) (2013): 193-218.
- (24) Laura B. Rawlings and Gloria M. Rubio. “Evaluating the Impact of Conditional Cash Transfer Programs”. *The World Bank Research Observer*, 20, 1 (2005): 29-55.
- (25) Ocampo, J. A. (2017). Commodity-Led Development in Latin America. *International Development Policy| Revue internationale de politique de développement*, 9(9), 51-76.  
<https://journals.openedition.org/poldev/2354>
- (26) Corruption reading to be added
- (27) Crime reading to be added

### **Academic Integrity**

By enrolling in this course, each student assumes the responsibilities of an active participant in UW-Madison’s community of scholars in which everyone’s academic work and behavior are held to the highest academic integrity standards. Academic misconduct compromises the integrity of the university. Cheating, fabrication, plagiarism, unauthorized collaboration, and helping others commit these acts are examples of academic misconduct, which can result in disciplinary action. This includes but is not limited to failure on the assignment/course, disciplinary probation, or suspension. Substantial or repeated cases of misconduct will be forwarded to the Office of Student Conduct & Community Standards for additional review. For more information, refer to [studentconduct.wiscweb.wisc.edu/academic-integrity/](http://studentconduct.wiscweb.wisc.edu/academic-integrity/).

### **Accommodations for Students with Disabilities**

**McBurney Disability Resource Center syllabus statement:** “The University of Wisconsin-Madison supports the right of all enrolled students to a full and equal educational opportunity. The Americans with Disabilities Act (ADA), Wisconsin State Statute (36.12), and UW-Madison policy (Faculty Document 1071) require that students with disabilities be reasonably accommodated in instruction and campus life. Reasonable accommodations for students with disabilities is a shared faculty and student responsibility. Students are expected to inform faculty [me] of their need for instructional accommodations by the end of the third week of the semester, or as soon as possible after a disability has been incurred or recognized. Faculty [I], will work either directly with the student [you] or in coordination with the McBurney Center to identify and provide reasonable instructional accommodations. Disability information, including instructional accommodations as part of a student's educational record, is confidential and protected under FERPA.”  
<http://mcburney.wisc.edu/facstaffother/faculty/syllabus.php>

### **Diversity & Inclusion**

**Institutional statement on diversity:** “Diversity is a source of strength, creativity, and innovation for UW-Madison. We value the contributions of each person and respect the profound ways their identity, culture, background, experience, status, abilities, and opinion enrich the university community. We commit ourselves to the pursuit of excellence in teaching, research, outreach, and diversity as inextricably linked goals.

### **Grievance Procedure:**

The Department of Economics has developed a grievance procedure through which you may register comments or complaints about a course, an instructor, or a teaching assistant. The Department continues to provide a course evaluation each semester in every class. If you wish to make anonymous complaints to an instructor or teaching assistant, the appropriate vehicle is the course evaluation. If you have a disagreement with an instructor or a teaching assistant, we strongly encourage you to try to resolve the dispute with him or her directly. The grievance procedure is designed for situations where neither of these channels is appropriate.

If you wish to file a grievance, you should go to room 7114 Social Science and request a Course Comment Sheet. When completing the comment sheet, you will need to provide a detailed statement that describes what aspects of the course you find unsatisfactory. You will need to sign the sheet and provide your student identification number, your address, and a phone where you can be reached. The Department plans to investigate comments fully and will respond in writing to complaints.

Your name, address, phone number, and student ID number will not be revealed to the instructor or teaching assistant involved and will be treated as confidential. The Department needs this information, because it may become necessary for a commenting student to have a meeting with the department chair or a nominee to gather additional information. A name and address are necessary for providing a written response.