



Economic Development in Latin America

(Master of Science in International Economics and Economic Policy)

*Latin America is very fond of the word “hope”.
We like to be called the “continent of hope”.
Candidates for deputy, senator, president,
call themselves “candidates of hope”.
This hope is really something like a promise of heaven,
an IOU whose payment is always being put off.
It is put off until the next legislative campaign,
until next year, until the next century.*

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1 Overview of the seminar

This seminar aims to give Master Students an overview of relevant issues of economic development in Latin America. The topics which are to be covered are categorized in these two broad sections: (i) *Economic history and development paradigms* and (ii) *Social policies*.

2 Format

- This course is designed as a “block seminar”. Students have to write a term-paper and present its main content in a final presentation.
- Students have to choose a topic in agreement with the Lecturer. They can decide on a subject from the list below or propose an alternative issue which meets his or her own interests.



- The paper must have maximum 25 pages and contain two main sections: (i) deep overview of the particular topic, including a general literature review; and (ii) in-depth analysis of one technical paper or technical literature. For the latter, the related “state of the art” econometric analysis or theoretical modeling must be explained and described for the particular context of the topic.
- While producing new results in the term-paper with data and/or models is not required, it would be highly appreciated.

3 Requirements

It is assumed that students have prior knowledge of econometrics at the level of “Fundamentals of Econometrics”.

4 Evaluation

- Students successfully finishing the seminar will be awarded with 6 credit points.
- Grading will be based on the term-paper and the final presentation.
- Active participation in the presentation of other students will also be considered in the final grade.
- There will be no final exam.

5 Topics and readings

5.1 General readings

An updated general overview of the topics covered in the seminar can be found in:

- FRANKO, P. (2007). *The Puzzle of Latin American Economic Development*. Rowman & Littlefield Publishers: Lanham, MD. 3th edition
- OCAMPO, J. and ROS, J. (eds.) (2011). *The Oxford Handbook of Latin American Economics*. Oxford University Press



5.2 Topics

SECTION I: ECONOMIC HISTORY AND DEVELOPMENT PARADIGMS IN LATIN AMERICA

TOPIC 1 - Colonial institutions and development

- SADOULET, E. (1992). Labor-service tenancy contracts in a Latin American context. *American Economic Review*, **82** (4), 1031–42
- DELL, M. (2010). The persistent effects of Peru's mining mita. *Econometrica*, **78** (6), 1863–1903
- GALLEGO, F. and BRUHN, M. (2011). Good, bad and ugly colonial activities: Do they matter for economic development? *Review of Economics and Statistics*, **forthcoming**

TOPIC 2 - Import-Substituting Industrialization (ISI) in Latin America

- HIRSCHMAN, A. O. (1968). The political economy of import-substituting industrialization in Latin America. *Quarterly Journal of Economics*, **82** (1), 1–32
- EDWARDS, S. (1994). *Trade and industrial policy reform in Latin America*. NBER Working Paper 4772, 'National Bureau of Economic Research
- LUZIO, E. and GREENSTEIN, S. (1995). Measuring the performance of a protected infant industry: The case of Brazilian microcomputers. *The Review of Economics and Statistics*, **77** (4), 622–33

TOPIC 3 - The big debt crisis in 1980s

- DEVLIN, R. and FRENCH-DAVIS, R. (1995). The great Latin American debt crisis: A decade of asymmetric adjustment. *Revista de Economa Poltica*, **59** (3), 117–142
- DIAZ-ALEJANDRO, C. F. (1984). Latin American debt: I don't think we are in Kansas anymore. *Brookings Papers on Economic Activity*, **15** (2), 335–403



- CAMPOS, C. F., JAIMOVICH, D. and PANIZZA, U. (2006). The unexplained part of public debt. *Emerging Markets Review*, **7** (3), 228–243

TOPIC 4 - Structural reforms

- WILLIAMSON, J. (1990). *The progress of policy reform in Latin America (Policy analyses in international economics)*. Institute for International Economics: Washington, DC
- OCAMPO, J. A. (2004). Latin America's growth and equity frustrations during structural reforms. *Journal of Economic Perspectives*, **18** (2), 67–88
- CHONG, A. and DE SILANES, F. L. (2004). Privatization in Latin America: What does the evidence say? *Economia*, **4** (2), 37–111

Other topics

- Monetary policy and inflation control.
- Economic policies after independence.
- Effects of North American interventionism.
- Long term economic analysis (large time series).
- The effect of civil wars on economic outcomes.



SECTION II: SOCIAL POLICIES IN LATIN AMERICA

TOPIC 5 - Education Policy

- HSIEH, C.-T. and URQUIOLA, M. (2006). The effects of generalized school choice on achievement and stratification: Evidence from Chile's voucher program. *Journal of Public Economics*, **90** (8-9), 1477–1503
- GALIANI, S., GERTLER, P. and SCHARGRODSKY, E. (2008). School decentralization: Helping the good get better, but leaving the poor behind. *Journal of Public Economics*, **92** (10-11), 2106–2120
- GONZALEZ ROZADA, M. and MENENDEZ, A. (2002). Public university in Argentina: subsidizing the rich? *Economics of Education Review*, **21** (4), 341–351

TOPIC 6 - Health-care Policy

- MALUCCIO, J. A., HODDINOTT, J., BEHRMAN, J. R., MARTORELL, R., QUISUMBING, A. R. and STEIN, A. D. (2009). The impact of improving nutrition during early childhood on education among Guatemalan adults. *Economic Journal*, **119** (537), 734–763
- HOMEDES, N. and UGALDE, A. (2005). Why neoliberal health reforms have failed in Latin America. *Health Policy*, **71** (1), 83–96
- THOMAS, D. and STRAUSS, J. (1997). Health and wages: Evidence on men and women in urban Brazil. *Journal of Econometrics*, **77** (1), 159–185

TOPIC 7 - Conditional cash transfer programs

- RAWLINGS, L. B. and RUBIO, G. M. (2005). Evaluating the impact of conditional cash transfer programs. *The World Bank Research Observer*, **20** (1), 29–55
- FISZBEIN, A. and SCHADY, N. (2009). *Conditional Cash Transfers: Reducing Present and Future Poverty*. Policy research report, The World Bank
- SKOUFIAS, E. (2001). *PROGRESA and its Impacts on the Human Capital and Welfare of Households in Rural Mexico*. Tech. rep., International Food Policy Research Institute (IFPRI), http://www.ifpri.org/sites/default/files/publications/skoufias_finalsyn.pdf



TOPIC 8 - Environmental policy and natural resources

- BIRDSALL, N. and WHEELER, D. (1993). Trade policy and industrial pollution in Latin America: Where are the pollution havens? *The Journal of Environment and Development*, **2** (1), 137–149
- DASGUPTA, S., HETTIGE, H. and WHEELER, D. (2000). What improves environmental compliance? evidence from Mexican industry. *Journal of Environmental Economics and Management*, **39** (1), 39–66
- MANZANO, O. and MONALDI, F. (2008). The political economy of oil production in Latin America. *Economia*, **9** (1), 59–103

Other topics

- Rural development policies.
- Trade policy.
- R&D policies.
- Pension systems.
- Social policies towards indigenous people.