

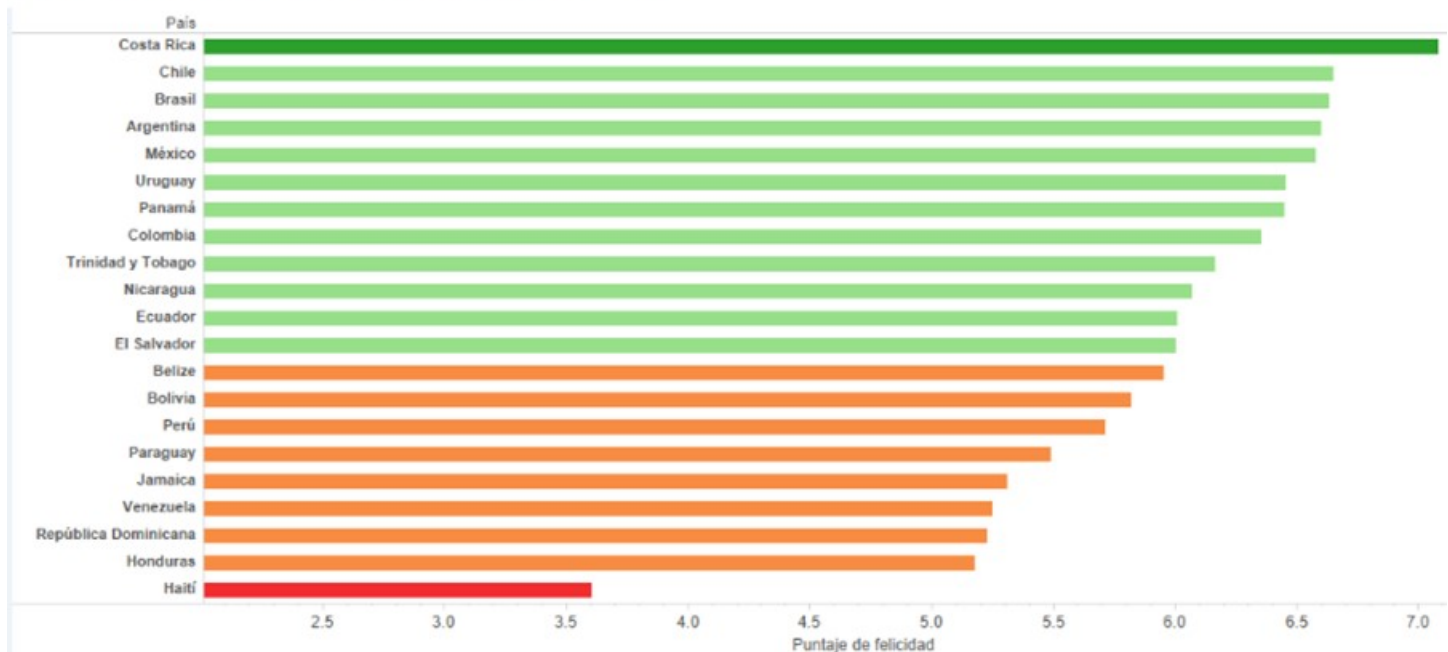
Last updated November 19th 2017 hit refresh [FCRH Academic Calendar](#) [See our syllabus for readings & topics.](#)

Office hours: Monday 1-2:30pm and 7:30-8:30pm (E-527 Dealy) & Wed 9:30pm by appointment only. Confirm appointments a day before and the same day at mcleod@fordham.edu My phone 718-817-0063 works but only if I am in my office (voicemail sometimes) my cell is 914-661-6998 skype name is Darryl.mcleod. Many readings are here or on the [class syllabus](#). Problems accessing any eading or video? *Please email me immediately if you find a broken urls.* Final Exam December 18th 1pm A&L, 2017 refers to our MIT Press text... www.gdsnet.org/Nov20thNotes.pdf

November 2017						
Mon	Tu	W	Th	Fri	Sat	Sun
30	31	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	1	2	3

Monday Nov. 20th: Case study division of labor groups due on paper or by email... [Chile Election Runoff](#) [Economist Case Study Spreadsheet](#) [Vox LACEA blog](#) [Chilean Peso](#) [Kirchner Cultural Center](#)
[HW#4 Template](#) [Case Study Guidelines Fall 2017](#)

Graph 2: Happiness in Latin America and the Caribbean



Fuente: WDI y World Happiness Report 2017. Gráfico: Anastasiya Yarygina.

Thursday Nov 16th [Spreadsheet for Table 1](#)

Monday Nov 13th [What is SNAP vs NAP in PR?](#) [Haiti vs. DR case study](#)

HW#5v1 or v2: Please turn in HW#5v1 (with Figures) or HW5v2 (no Figures) **on** BB assignment date. Eventually we need to post these HWs on BB (which only you can do...).

BB Assignments (see BB for templates and final due dates)

Nov 17th BB Assign #5 Turn in HW#5 v1 or v2 see BB for template [Colombia example](#)

Nov 20th BB Assign #6 18th HW questions see [pdf for sources](#) and add your answers to the [word template](#)

Nov 21st BB Assign #7 HW questions 7.4 to 7.8

November 14th Webinar: Wilson Center Webinar on Wage inequality in Latin America... Carlos Vegh and others...

Monday Nov 6th Lecture: [PS#2 Answers](#) [Midterm Answers](#)

Due Thursday Nov 2nd Answers to [PS#2.0](#) on paper (please answer on the back of the copy you got in class) see your midterm and case study data here (listed by last five SID digits) [WB Povcalnet](#) [Nora Lustig LatAm Barcelona update](#)

Turn in Assign 5 on BB [HW#5 pdf version](#) [Hw#5 Word Template](#)

Be sure to use add full references to sources as discussed on this handout.

Please read this [handout with FAQs on adding references](#) before you submit any HWs.

[Four Crises in Microfinance](#) [Lima Presentation](#) [PBS Compartamos Page w/video](#) [Transcript](#)

[Ananya Roy, Poverty Capital Chapt 1](#) [MP4 Compartamos video](#)
[Compartamos Part 2](#) [To Profit or Not to Profit?](#)
[PBS Compartamos w/ Flash video](#)



Homework 7 Introduction be sure to watch the video on Microfinance in Mexico read [Ricardo Hausmann's](#) review of Yunus' book to list 3 advantages and 3 disadvantages of the for profit (Latin American) vs. the nonprofit South Asian microfinance or BGD model. How is [Ananya Roy's](#) "Bangladesh" consensus being implemented in Latin America (especially in conjunction with CCTs, such and CGAP's [G2P projects](#)). Explain how KIVA and Whole Planet work. Relate Ananya Roy's [Chapter 1](#) montage of Felicita in Guatemala, Alex Crane to the strengths and weaknesses of microfinance as a development strategy. Compare Kiva/Crane's interactions with Felicita to her potential role as recipient of transfers or remittances from Guatemalans working abroad or FDI in GTM (China). Are these forms of interaction complements or substitutes? (*Felicita was a client of Banrural Grameen Guatemala, a [Whole Planet Foundation partner](#)).

H-7.1 South Asia and LatAm are competing to take credit for Microfinance. LatAm claims microcredit (borrowing at high or subsidized rates) and while South Asia (Bangladesh again). A) Using Hausmann's review of Mohammed Yunus's book, discuss who was first in Microcredit and the pros and cons of the Accion-LatAm model compared to the Grameen Bank/Yunus. B) Are these MFI models substitutes or complements considering the large income disparities between South Asia and Latin America?

7-2 **Reforming Microfinance:** What Ananya Roy calls the "[Bangladesh consensus](#)" is packaging microfinance with full range of social safety net programs (as BRAC or Grameen do). Provide some evidence that LatAm is moving toward the BGD consensus citing A&W, 2017 re Mexico's Prospera and lecture notes re Colombia (hint: 2014 Skoll award to Fundacion Capital). *Why doesn't Dr. Roy like CGAP?*

HW-7.3 **Profits:** Briefly discuss the causes and pros and cons of high near 100% interest rates for small loans (**Compartamos video**). Why do clients of Compartamos keep taking out loans? *Why don't they save to avoid high interest rates? What can be done to reduce interest rates on small loans? Is it better to ban small short term loans as we do here in New York (e.g., payday loans).* B) *the Aljazeera Asia 101 video suggests some farmers took out multiple loans and appear to have committed suicide because they could not pay? What did the government of Andra Pradesh do? What should they have done? (perhaps they have)*

HW-7.4 **Transparency:** Ananya Roy, 2010 lays out the public and private transcript Grameen style South Asian Mohammed Yunus MFIs compare this to KIVA and Whole Planet's images and reality. Do the "alternative facts" implied by these public images have a positive role, or is this just deception? Does KIVA & Grameen mislead for a good cause? Who suffers due to their lack of transparency ([Fordham's Spes Nova](#) tries to upgrade MFI transparency).

HW 7-5: **Efficacy:** How did Ananya Roy become familiar with the above photo of [Felicita in Guatemala](#)? Felicita is not helped by most CCT programs: why not (she lives in GTM, near a lake with lots of coffee farms). A) What sort of transfer programs may well help poor rural residents like her (perhaps in GTM, in Mexico for sure, but is she poor, see the new PPI project of Accion and Grameen)? B) Might microfinance loans be the answer for skilled crafts women like Felicita? How did her picture wind up on Facebook and on a Berkeley Whole Food flyer brochure (2008-09)? C) Was Alex Crane

wrong to take her photo and post it on Facebook? Did anyone do anything wrong in the chain of events linking Felicitia to Whole Planet? (see question 7.6). *How might a [MENA Nopales](#) style group help her or Spes Nova help her?*

*HW 7.6 **Morality** (EC) In a 2015 World Development article Professor Radhakrishnan describes going undercover to sell the Latin American for profit MFI model in India. She also interviews groups of KIVA users for her forthcoming book discussed in [her Albright lecture](#). What does she say is wrong with KIVA, Whole Planet and the MFIs they fund all over the world? Radhakrishnan, Smitha (2015) "'Low Profile' or Entrepreneurial? Gender, Class, and Cultural Adaptation in the Global Microfinance Industry." World Development 74: 264-274.*

References for HW 7

Radhakrishnan, Smitha. "'Low Profile' or Entrepreneurial? Gender, Class, and Cultural Adaptation in the Global Microfinance Industry." World Development 74 (2015): 264-274. See also her 2016 Albright lecture on our class web page.

Back to Brazil and the Middle Class:

HW# 9 Social Mobility: Discuss the three Brazilian families we meet in Ferreira et. al, 2012 Chapter 1. Which are vulnerable, which are middle class and still vulnerable (MCSV) and which is middle class and not vulnerable. Are they all better off than their parents (in terms of education and income). Are they all climbers or stayers?

Part II of the course focuses more on families and social mobility (with a little trade theory). Policies and innovations still matter, but the progress by LatAm of families (and the challenges they still face) is our main focus. Skim A&L Chapter 5 starting with questions end of chapter questions 3-6 and 8-9, but more important read the [Introduction Chapter 1 of Francisco Ferreira et al. \(2012\)](#) starting at page 15 for a nice family level discussion of social mobility in Brazil (some of which may be reversed by the recent crisis. See also A&L Figure 5.5 and 0.2 in Ferreira showing the growth of the middle class until 2010 (as well as the poor and vulnerable, who are the vulnerable and why are they vulnerable?). For an update of these three groups see this interactive [World Bank LAC Page](#). When did the LatAm middle class share stop increasing (and the poverty rate stop falling)? Is Latin America more middle class than vulnerable (or vice versa)? What year did the middle class outnumber of \$4/day poor in Latin America? Where is Latin America's middle class in the Elephant diagram? Social Mobility Poverty and Middle Class

LatAm Elections Corner: Argentine [President Macri's Coalition Wins Midterm](#) Elections as his Cambiemos (Let's Change) coalition garners broad backing in key provinces [Ecuador under Correa changes](#)

Part II: Latin America's growing Middle Class especially in LA-7: Arg, Bra,Chl, Col, Mex.Per & Ven
Global Inequality and Poverty: [the Elephant Curve](#) Global Value Chains: the U.S. and Mexico (NAFTA)
[Richard Baldwin the Great Convergence](#)

Case Studies: Colombia NPR T-Shirt: question to each of the 5 chapters (at least one): [NPR Planet Money T-Shirt](#) [NPR T-Shirt "You"](#) [Garment Factories race to the bottom \(except in Colombia\)](#) [A Giant book creates and destroys industries...](#) [Boxes: what happened to the 100,000 longshoremen displaced by containerization?](#) Colombia's garment export business has a long history, [Crystal, Studio F and Leonisa lead textile business that sells more than \\$2.6 billion](#) see this [2007 FedesArrollo report..](#) [Why does Colombia underperform.](#) [Visual Politik](#) [Crystal now](#) [Pacific Alliance](#)

Puerto Rico Case Study: [Repeal the Jones Act?](#) WSJ, 2015 [Puerto Rico's pain due to U.S. wages](#)

U.S. Mexico Case Study: Shannon Mulcahy lost her job to Mexico [NY Times](#) [Permalink](#)
[Mariel is Cuba's big gamble..](#)

Quiz related review: [Mankiw on PPFs](#) [Sachs and Lorraine 1993 Chapter 21 annotated](#)

Midterm October 23rd (Oct 22nd 1st Review session 5-6pm E530 Dealy 5th floor conference room near my office... during Argentine elections... 2nd review session, 11:45AM Monday same location, also I can post answered to emailed questions here or on the review sheet. [Answers & comments Quiz 1 \(similar to quiz 2\)](#)
Updated October 18th: [Updated Midterm Review sheet.v6](#)

Lectures Part 1 of the Course:

Lecture 1: [Populism Chile and Bolivia Lecture](#) (Ethno-Populism in Latin America?)

Lecture 2: Heterodox Approaches to Stopping Inflation [HW#3](#) [Stopping high inflation](#)

Lecture 3A: [TNT Model Resource exports lead to Dutch Disease de-industrialization in the TNT model](#)

Lecture 3B: [Chile uses a fiscal rule to cope with the Dutch Disease \(DD\)](#) and to “graduate” to

Lecture 3C: [Fixed vs. Flexible Exchange rates](#)

September 21st Midterm Review Sheet (preliminary) new IMF report on Corruption in LatAm

[TNT Model lecture \(see lecture 3 above\)](#) [The Market for Dollars lecture notes \(see Lecture 2 above\)](#)

Cross cutting issues available: Carbon Credits, microfinance, Hernando de Soto, CCTs and minimum basic income in for resource exporters, Sovereign Wealth Funds.

HW #2: Chapter 10 google forms format, [click here to answer LDQ and MC questions](#) Due Sept 22nd (see also figures below)

September 18th [Lecture Notes](#) [Puerto Rico page](#) [Colombia post conflict recovery](#)

[Colombia Export Profile \(MIT Complexity\)](#) [NPR Planet Money T-Shirt project](#)

September 17th UNDP Equator Prize Ceremony on Broadway, this year’s Master of ceremonies, [Earth Guardians](#) Youth Director Xiuhtezcatl Martinez (‘Shoe-Tez-Caht’) nice ceremony, Honduras, Guatemala, Brazil, all won prizes, Costa Rica’s ecotourism strategy came into play indirectly... we have a lot of data on Costa Rican (and Brazil and Guatemalan exports) but ecotourism is a service export (nothing wrong with services!!).

September 11th Lecture: Trade and Capital Market liberalization [Trade Lecture Notes](#)

News from Latin America: Cuba hit by Irma... [Ecuador leadership change.](#)

HW #1: Due September 15th [Edwards Left Behind with my highlights](#) (and link to no highlights copy)

Preparation for HW#2 (optional) Why did Latin America unilaterally liberalize trade in the early 1990s? Find your case study country peers on this spreadsheet, has your country closed the gap on the U.S. since 1960, 1970, 1980, 1990 or 2000? Are any of them in Asia? What has NAFTA accomplished for Mexico? The prototype for NAFTA was an auto industry agreement between Canada and the United States, why was Mexico added to NAFTA? Mercosur has been a disappointment, why might the Trans Pacific Alliance be better, especially now that the TPP is an orphan. What Latin American countries were part of the TPP? What was the purpose of the TPP?

LDQ 2.3: (save this question for later) Chapter 10 implicitly suggest Central American trade integration has not worked because it has created paths for drug smugglers and because Asia already has an advantage that cannot be overcome. Use Flying Geese arguments of Justin Lin and the FT Video on China to argue why might this not be the case? What undocumented workers is China using now? *What do LatAm countries need to do to attract FDI from Korea and Japan? Why is Asian FDI more attractive now, what do LatAm countries need to do to attract FDI? Why is this a better strategy for Colombia than El Salvador? example).*

Picture of the Day: Nicaragua has the largest jump in Happiness last year...

Chart of the Day (see Figures)

Latin America News

[Copper Windfall Safe Chile’s new Finance Minister Says...](#) (bloomberg 9/8/17)

[Chileans protest coup anniversary \(Euronews\)](#)

Case Study Data corner

[IMF Data Mapper](#) (GDP growth) How is Bolivia doing? [Inflation](#) (don't choose Brazil or Latin America...)

[IMF WEO April 2017](#) (watch for Oct 2017)

HW #1 is due online September 9th before midnight, after our 3rd class meeting. Please check back here for word answer template (sans graphics and hyperlinks) and full instructions on how to submit on blackboard. Make sure these questions are clear and all the links work before our class September 6th or 7th [Ecuador leadership change](#).

Readings for September 11th: Please skim [Sachs and Larraine Chapter 21](#) to page 267 [Color \(larger file\)](#)

News and updates: Colombia rebels ask [Pope for forgiveness](#)

Our next class Wednesday September 6th: Events are pushing us toward Mexico as DACA ends and Mexico's President defends his nation's dignity (but speaks mainly about what?). Simon and VP think [Mexico and NAFTA can defend itself](#), but What can Mexico do to counter anti-immigrant and anti NAFTA sentiment? Why is [Jefferson Bouregard Sessions](#) so opposed to immigration reform, politically (personally, recall Stephen Miller was one of his top aids)? What immigration reform legislation does Sessions and the support (hint: the RAISE act) what do they want to raise? (see [Trump Country](#) <http://www.milkenreview.org/>)

Colombian rebels ask for forgiveness from Pope Francis as pontiff calls for reconciliation

September 5th Jefferson Bouregard Session rescinded DACA (Deferred Action for Childhood). His Economic and legal reasoning was flawed (see Paul Krugman and Don Kerwin). President Trump blamed his predecessor and Congress. States like New York must also take some of the blame. Since 2010 a group of Fordham faculty have been working to get [NY State to pass a Dream Act](#) (California has passed three since 2010, in fact it really has its own immigration policy, ironically *). Many DACA recipients are from Latin America, [95 work for teach for America](#) (why? partly due to the [Children of Men effect](#)...). Why is DACA important for TFA, for Mexico and for the United States? In 2015 (perhaps not now) Trump claims he [would keep deported DACA](#) families together, but what often happens when parents are older siblings are deported in mixed-status families (the target of DAPA...). Why are there so many mixed status families in the United States? *Are mixed status families good for economic growth? See Aghion et al.* *Fortunately 25% of DACA recipients live in California,

Class discussion Wednesday September 7th: Come prepared to take notes we will answer questions LDQ-1.1 to 1.3 in class if we can. At minimum please be prepared to say something positive and something negative about Chile, Nicaragua and Bolivia, citing your source (page in Chapter 6 or wherever). According to Simon et. al at VP Chile is showing signs of populist fatigue (three weaknesses?) such that President Bachelet's party may be in trouble this November 19th (but is this a bad thing) Meanwhile Bolivia is doing surprisingly well (one of the fastest growing economy in Latin America right now [according to the IMF](#) data mapper, see also their [2016 Article IV report](#)). Nicaragua show the largest gain in happiness. Discuss how Bolivia illustrates that broadly speaking there is no tradeoff between diversity and economic performance (see the Chile and the Bolivia segments of Commanding heights). Previously, Bolivia had to call Jeff Sachs to administer "shock treatment." Will Bolivia need saving again any time soon? Why or why not?

Introductory Lecture 1: Populism in [Chile and Bolivia Lecture Notes](#) (will add Bolivia slides) Since 2012 Bolivia looks more Inclusive and Social Democratic while [Chile looks more populist](#) (from a policy point of view), explain briefly. While the U.S. nominated one, by 2010 Latin America elected three Presidents to run the pivotal ABC countries, see the photo below. Not all is well in the ABC countries, however, as the following questions indicate. Here is [chapter 6 of A&L](#) so here it is.

Lecture 2: Driven a bit by current events and the long break after our first class discuss of DACA and NAFTA (An announcement regarding DACA is due before September 5th NAFTA challengee ...). Then we back to back on September 6th and 7th. HW Assignment #1 will be mainly readings due September 9th probably on blackboard, so I can read them before September 11th (we actually have a very short 9/11 video, the 1st 5 minutes of Commanding Heights).

Typically, the default mode of for North American economists discussing South America is negative (Sebastian Edwards' Brazil as perpetual "land of the future" ...).

Quote from Drake, P.W (2012, p.82) in Conniff, Michael L., ed. *Populism in Latin America*. University of Alabama Press, 2012 ([google books copy](#)) .

<http://enewspaper.latimes.com/desktop/latimes/default.aspx?pubid=50435180-e58e-48b5-8e0c-236bf740270e>

<http://www.gdsnet.org/CynthiaAransonDefinitionPopulism2010email.pdf>

http://www.gdsnet.org/S&L_Chapt21Color2B.pdf

Commanding Heights

<https://www.youtube.com/watch?v=oykvdDm0qwk&feature=youtu.be&list=PLoBCW5Ik6wTseFekoyvFfl4PTOnhKAX-K&t=1302>

https://www.pbs.org/wgbh/commandingheights/shared/minitext/tr_show02.htm#11

<https://www.brookings.edu/bpea-articles/the-european-trust-crisis-and-the-rise-of-populism/>

<https://www.cfr.org/blog/rise-ethnonationalism-and-future-liberal-democracy>

Case study data resources: 10 year Nominal exchange rate diagrams

Chile: <http://www.xe.com/currencycharts/?from=USD&to=CLP&view=10Y>

Colombia <http://www.xe.com/currencycharts/?from=USD&to=COP&view=10Y>

Dom Rep <http://www.xe.com/currencycharts/?from=USD&to=DOP&view=10Y>

Argentina <http://www.xe.com/currencycharts/?from=USD&to=ARS&view=10Y>

Venezuela <http://www.xe.com/currencycharts/?from=USD&to=VEF&view=10Y>

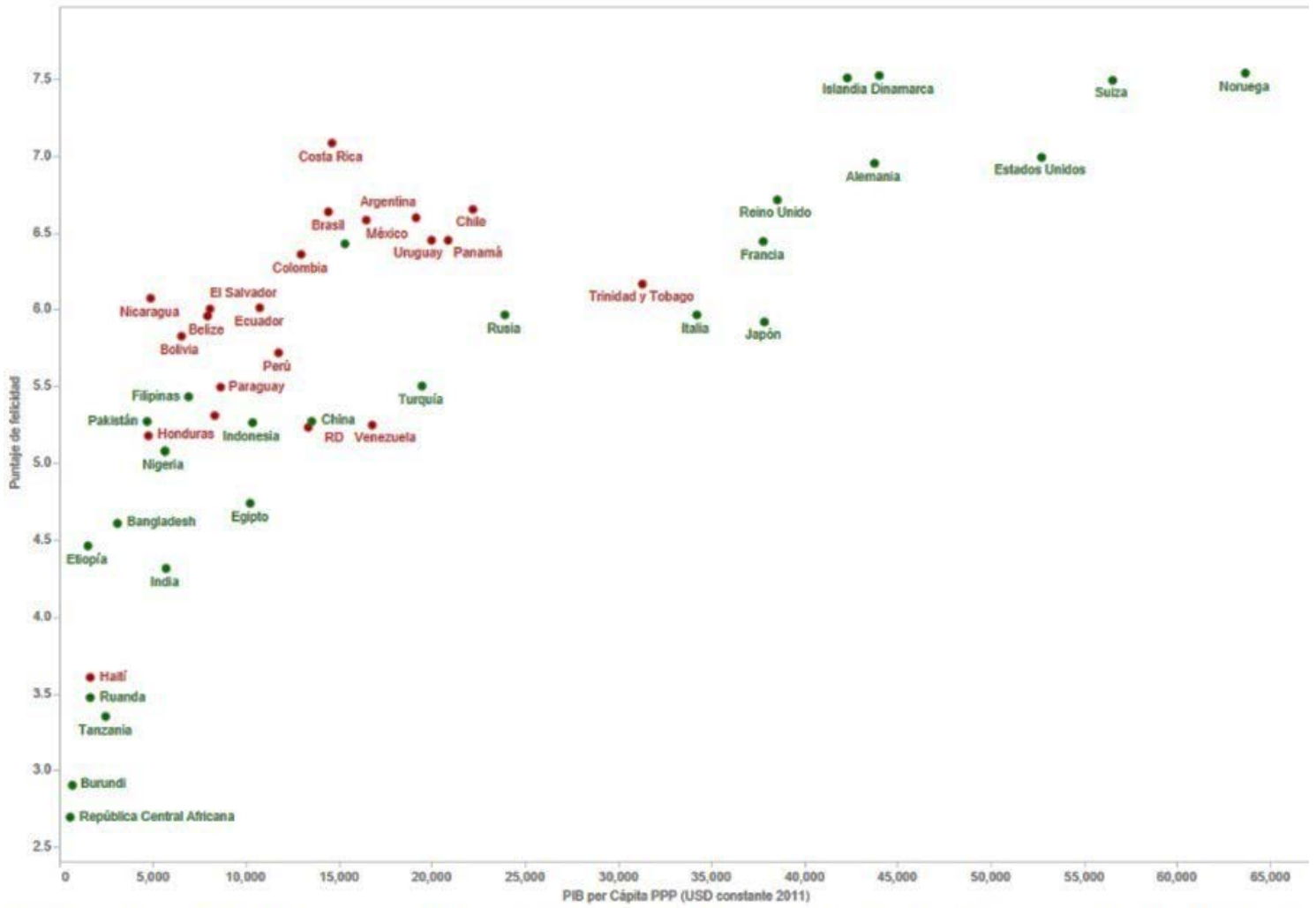
Bangladesh <http://www.xe.com/currencycharts/?from=USD&to=BDT&view=10Y>

Bolivia <http://www.xe.com/currencycharts/?from=USD&to=BDT&view=10Y>

Vietnam <http://www.xe.com/currencycharts/?from=USD&to=VND&view=10Y>

Peru <http://www.xe.com/currencycharts/?from=USD&to=PEN&view=10Y>

Graph 1: GDP per capita and happiness



Fuente: WDI y World Happiness Report 2017. Gráfico: Anastasiya Yarygina. Países en la muestra: todos los de América Latina y el Caribe; 20 mayores por población; 4 con puntajes de felicidad más bajos y 4 con puntajes más altos. RD: República Dominicana.