

Last update October 28th 2018

ECON 3235 Calendar Part 1: References and review question, including tips for finding our text, **Finding our text tips:** (see the Syllabus for more information) during the past few weeks the prices of both books not already available online have fallen dramatically. You will need the main text in about 2 weeks, [Armendáriz, Beatriz & Felipe Larraín](#) *The Economics of Contemporary Latin America*. [MIT Press](#), ISBN [0262533154](#) \$30-\$40 (e-book [\\$21 MIT Press Digital rental](#)) you will need access to book by the 2nd week of class. We start by reading Chapter 6 (available on here or on blackboard) and Chapter 1 pages 1-15 (see the [MIT Press preview](#)). [Dealoz has a \\$5 promotion](#) ending 8/31 that gets the price down to about \$20 (best deal right now). Amazon is closer to \$30, MIT Press has the ebook to rent (I can't see how long) for \$18. Chapter 6 and Chapter 1 are already online (see Blackboard and the [MIT Press Preview](#)). The Puerto Rico book has fallen to \$6 in paper with a free e-book ([Direct from Haymarket](#), not sure about shipping, use [dealoz to avoid shipping](#)). Don't order the Klein book before coming to class.

Terms for review: Overshooting, Nominal Anchor, Managed float, inflation targeting, FX passthrough, Nominal Exchange Rate, real exchange rate, inflation adjusted exchange rate, **Heterodox Adjustment policies, Orthodox Adjustment policies, Internal Devaluation, External Devaluation, Contagion, Beggar thy neighbor policies, good neighbor policies...**

1. Use the RER formula $q = ep^*/p$ to distinguish between an internal and external devaluation.
2. Who was Bartolomé de las Casas (see [A&R 2013 pdf page 24](#), please get the official page number from [this copy of A&R, 2013 chapter 1](#), sorry for the extra step)? Briefly, why is Nogales, Mexico poorer than Nogales, Arizona, according to Acemoglu and Robinson's *Why Nations Fail*? How do Carlos Slim and Bill Gates fit their story? [Bill Gates writes a critical review of A&R, 2013](#) and defends Carlos Slim (for why, see Mexico, [Carlos Slim, and Me \(Gene banks for crops\) Feb 2013](#)).
3. [In Government, Geography, and Growth: The True Drivers..](#) Jeffrey Sachs argues Acemoglu and Robinson are wrong about the U.S. and Mexico and about Economic Development generally, what does his argument imply about Nogales Mexico vs. Nogales Arizona? Use quotes and/or page numbers if possible.
4. Optional: Carlos Slim again? The new edition of Patrice Franko Chapter 1 mentions Carlos Slim and two young women from Honduras and El Salvador (Karla and Judith Yanira Viera). We look in on Karla in 2015 and 2016, her story and that of another Honduran immigrant are quite disturbing (not a happy ending). There is not footnote however for the Salvadorian factory worker Judith Yanira Viera (in Franko, 2018 Chapter 1). Fortunately we have the internet, so we find the description of Ms. Viera on a NACLA blog entry authored by Barbara Briggs and Charles Kernaghan dated September 25th 2007. Though it sounds like it, this is not the year Ms. Viera earns 750 colones a month (43 \$US). What is/was the exchange rate for the Colones in 2007, today and/or 1995? What happened to El Salvador's in 2001 and in 2002-2004? How do we know this NACLA article not referring to 2007 (even though its wording here and in Franko, 2018 suggests that it was?)

References

A&R, 2013: Acemoglu, Daron, and James A. Robinson (2013) *Why nations fail: The origins of power, prosperity, and poverty*. Broadway Business (paperback edition).

Sachs, Jeffrey D (2012) "[Government, Geography, and Growth: The True Drivers of Economic Development](#)." *Foreign Affairs* 91, no. 5: pages 142-150.

"Children and Families Fleeing Central America Deserve Access to Protection, Not Discrimination and Abuse," Karla's story, Wola VIMEO, [www.wola.org](#). See [Migration enforcement in Mexico](#)

Making Use of Online Interactive Diagrams in Presentations (aka MUOIDP) problem: how do we make interactive diagrams legible w/o putting cursor on the point? Where do I find [the two letter ISO code](#) for my country?

LDQ 3.1 Week 2: Lecture Discussion and Review Questions (sections in Italics EC)

LDQ 1.1 What is the only high income Latin American Economy? Why is the crisis in this country important to us (U.S.) right now? How much did FEMA spend cleaning up Hurricane Maria (so far)? Despite [FEMA "overwhelmed"](#) in 2017? Did Puerto Rico receive a net transfer from the U.S. last year (recall Naomi Klein says PR pays \$3.5 billion in taxes to the U.S. each year)

LDQ 1.2 What LatAm economy does Naomi Klein argue is a testing ground for neoliberal policies (and medications...including EPZs, privatization, corporate tax breaks and protectionist policies such as the Jones Act). What is the Jones Act? How does it make electricity dirty and expensive in a Solar paradise?

LDQ 1.3 Why is NYS suing the federal government for not helping Puerto Rico? What states sent and LatAm countries sent the most linemen to help PREPA restore power? (fix PREPA), why these states?

LDQ 1.4 Why is Puerto Rico's finance run by an unelected board? Draw an analogy to NY city (vs. Albany). Why can't NYC manage its own budget? (this leads to perennial conflicts between our Mayor and the governor of NYS). Again, why is it important to the rest of the United States that NYC not manage its own finances?

LDQ 1.5 Which Latino group has recently become important players in the political leadership of the Bronx, Manhattan and Queens? (hint: see the end of this calendar). What LatAm country vacillates between center right (one of our textbook authors) and Social Democratic leadership about every five years? What signal is Ms. Ocasio Cortez making with her arms? (see video image below).

LDQ-1.6 Why is Latin America's new middle class important economically and politically? Hint: Odebrecht and Table 1.2 in Beatriz Armendáriz, & Felipe Larraín (2017)..

LDQ 1.7 What is the problem with "Hypermigration" where is it a threat right now? Where is it getting better, where is it getting worse, what can be done to temper its impacts? Why does the Economist call it "hypermigration.?" (see Economist Newspaper Figure below) *Does or have Europe or Africa had "hypermigrations"? If yes, from what countries?*

LDQ-1.8 Which countries have the most gun deaths (according to a recent [PBS Newshour article](#)). Which countries have the highest rates of gun deaths? Does it make more sense to look at the total or the rate of gun deaths? Why?

LDQ-1.9 Optional: In Narcos season three where does the Cali cartel launder its earnings? How does NAFTA play a role during this season? What might they do today (hint: what LA country uses the Petro as its currency, why?)

Week 3 lectures and discussion (LD) Argentina, Chile and Brazil, the ABC countries. Which are also "Southern Cone" countries?

LDQ 2.1 How did Argentina get into so much trouble? Does it "deserve" this crisis? What is attributable to bad luck, and what were policy mistakes? Sketch out the best scenario for the Macri government, what happens if the Macri government collapses?

LDQ 2.2 New York is home to many Puerto Rican and Dominicans including [Alexandria Ocasio Cortez](#) why is she crossing her arms on the late show? What would she and Cynthia Nixon do to help other immigrants living in New York State (and elsewhere)? Which states have taken some of these steps already?

Readings August 29th Washington Post NAFTA story. During these two introductory lectures we will discuss Mexico, Nicaragua, Brazil, Bolivia, Puerto Rico and Venezuela (is Puerto Rico in Latin America?). What makes PR different that all other LatAm territories, economically and politically? What set off a recent racial bias incident involving a picnic table in Chicago park & restaurant in Manhattan. Michele Bachelet served two

terms as President of Chile. She and [billionaire Sebastián Piñera](#) a right of center right leader rotated as President of Chile for the past 20 years, He is back in office as is his finance minister, coauthor of our text [Felipe Larraín Bascuñán](#)). Patricia Armendáriz is a [well known economist](#) and a pioneer in the study of microfinance (we use her coauthored text on MicroFinance in ECON 5808) **‘Pioneering’ former Chilean President Michelle Bachelet officially appointed new UN human rights chief**



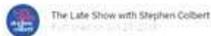
UN Photo/Jean-Marc Ferre Michelle Bachelet of Chile, newly-appointed as the next UN High Commissioner for Human Rights by Secretary-General António Guterres.

18 August 2018 | Human Rights



Alexandria Ocasio-Cortez: Trump Isn't Ready For A Girl From The Bronx

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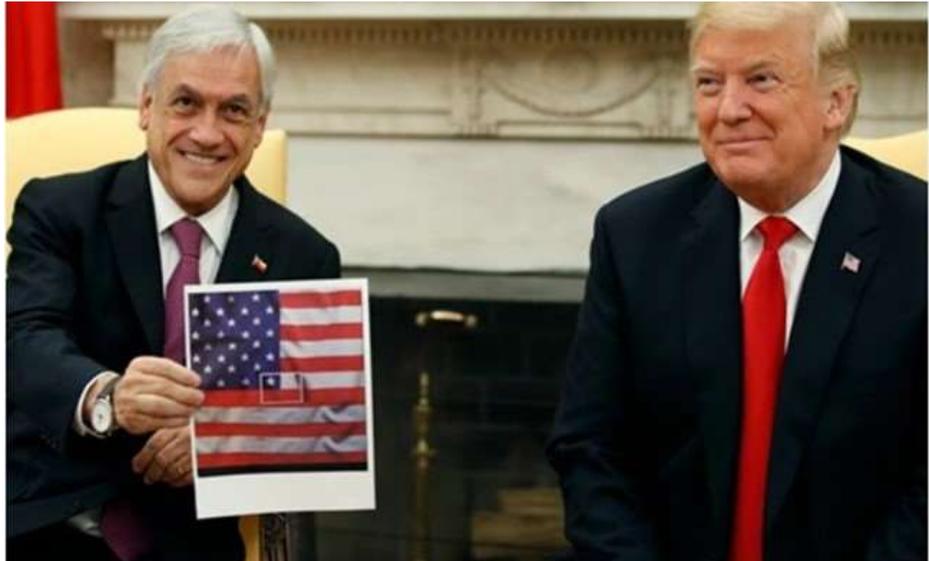


The Late Show with Stephen Colbert
Published on 10/2/2018

Alexandria Ocasio-Cortez and Donald Trump might both be from New York City, but she doesn't think he knows to deal with a girl from the Bronx

[Just Months Into His 2nd term President Pinera Stumbles by Max Radwin](#) | **Thurs, Oct. 4, 2018**

Last week, Chile's president, Sebastian Pinera, was at the White House for a meeting with President Donald Trump. During a photo-op in the oval office, Pinera held up a printout of the American flag. Outlining one white star and a pair of red and white stripes, he had managed to draw a smaller, Chilean flag inside of it.



“Chile is at the heart of the United States,” Pinera explained, with a smile. “And the best proof of this: This is the American flag, and there is a Chilean flag right at the very heart of the US flag.”

It was supposed to be a *cute gesture of camaraderie* as the two leaders discussed more serious issues, like trade and the crisis in Venezuela. But Chileans back home were rolling their eyes. Pinera's printout only worked because the red and white stripes on the American flag had been flipped out of order. Critics were quick to let him know. “Who advises this president?” Tomas Hirsch, a deputy for the liberal Broad Front, asked on Twitter, tagging multiple members of Pinera's Cabinet. “Do something to stop this incontinence. Don't tell me you're not embarrassed.” ... *Yes, perhaps this a fortuitous stumble? (hint: Swap lines, OECD and FCLs and Michelle...)* who else makes “cute gestures of camaraderie”? (hint: created his own party overnight, a different Latin language...)

Special events affecting Latin America Fall 2018 Latin America News and event watch

Climate disasters & Hurricane watch (Puerto Rico): Hurricane Florence may hit the U.S. near NC/SC border Thursday or Friday September 12th 2018. See #florence & [NPR](#) Why were there so many Hurricanes in 2017? Recall that on September 20th 2017 Hurricane Maria hit Puerto Rico plunging 3.4 million residents into darkness, estimates put fatalities at over 1000 people died, the last to have their power restored. Many thousands flew to the United States, mainly to Florida but also to New York and Houston. For better or worse, Puerto Rico had already entered a severe Debt crisis. Puerto Rico is both the most successful Latin American economy and the most like Greece: it is part of the United States but has its own currency. That said there Latin American countries use the dollar (Ecuador, Panama and El Salvador) and they have avoided a debt crisis like the one Puerto Rico is experiencing). What went wrong in Puerto Rico (before the Hurricanes) and what can be done to restore the Island to economic normalcy (now almost all have power is back on..).

Long term crisis/migration (Venezuela: For the past two years Venezuela is experiencing the largest income or GDP collapse (40%) and the highest inflation every recorded, hyperinflation is officially 50% a month or about 12,000 percent per year. The IMF expects Venezuelan inflation to reach one million % annually this year (with 100% inflation prices double, so do the math, these are huge price changes creating chaos and hardship it what was the wealthiest country in Latin America (see Figure W-2 below). Puerto Rico's hurricanes and Haiti's 2010 earthquakes were natural disasters, Venezuela's crisis is largely man made (though it may be related to the natural resource curse or the Dutch Disease...) Venezuela was among the first in the Americas to elect a charismatic populist President (Hugo Chavez who died in 2014).

Ongoing crisis in Argentina, how will it end? currency watch #3: Argentina is not Venezuela, but it is s Venezuelan inflation to reach one million % annually this year (with 100% inflation prices double, so do the math, these are huge price changes creating chaos and hardship it what was the wealthiest country in Latin America (see Figure W-2 below).ral resource curse or the Dutch Disease...) *Venezuela was among the first in the Americas to elect a charismatic populist President (Hugo Chavez who died in 2014).*

Ongoing Crisis in Argentina #3 (continued) Argentina's currency still falling, today August 28th it closed at about 31 pesos per dollar, when I was in Buenos Aires last November the peso was stable at about 17 per dollar, that is almost a 100% deprecation (though inflation is running about 3% monthly or 40% annually... [check here for latest Figure](#) like this one... to stabilize the peso it needs to fall (a rise in the above diagram) reaching a very low rate and then appreciate by 10% of more, this overshooting process rewards those who bet on the peso against the dollar... the IMF has extended a \$50M credit line to Argentina, though they really need a swap line from with the U.S. or China (in U.S. dollars so easiest for the NY Federal Reserve bank who did this in 2008 for Mexico, Colombia, Korea and Brazil... a swap line is temporary agreement to trade \$US dollars for Argenetine pesos at a pre-arranged rate and with zero or very low interest rate...