

Course description: This course surveys contemporary economic and social development in Latin America, with an emphasis on poverty, inequality and democratic institutions. In 2017 we focus on the resurgence of populism, now on the wane in Latin America, but just beginning with the new “America First” strategy. We explore the costs and benefits of formal and informal integration via NAFTA, CAFTA and Mercosur and informally via a surge in immigration from Central America and previously Mexico. From 2000 to 2014 Social democratic and left populist regimes used high commodity prices finance growth with redistribution leading to an unexpected fall poverty and income inequality and a rising middle class. Latin American governments have pioneered innovative transfer policies to address gender disparities, incorporate a large informal sector and indigenous groups (in Bolivia and Peru for example). As LatAm copes with slower growth in China and lower commodity prices, it also faces the demands of a “vibrant and vocal” nascent middle class, of finding ways to reduce youth unemployment and of managing a rich ecosystem including some of the largest tropical forests in the World.

Fall 2017 Update: With the exception of Venezuela, the 21st Century has been good to Latin America. Since 2000 Latin America strong growth, innovative transfer programs and slower labor force growth have reduced inequality and boosted social mobility, the reverse of U.S. trends. We begin however with a surprising convergence in the political economy of the Americas: economic populism, long popular in the South has spread to the North this year, albeit from the right not the left. Traditionally North America has promoted the neoliberal “Washington consensus” as an antidote to Latin protectionism and nationalization. The tables have turned however, the as a new U.S. President [challenges NAFTA](#) even as Chile, Colombia, Mexico and Peru’s promote freer trade, capital and labor mobility via the [Pacific Alliance](#). We review various theories of why only five countries have kept pace with the U.S. or exceed their peers in Asia since 1990 (of the LA-7 only Chile and Colombia). That said, the U.S. has much to learn from Latin America: Chilean student debt protests led to “free” access college under President Michelle Bachelet. Chile also pioneered the use of [fiscal rules](#) to cure the resource curse (almost). Innovative cash transfer policies in Argentina, Brazil, Colombia and Mexico link cash payments to children’s education and health care. Latin America is also very active in the Paris Accord, pioneering carbon trading, ecotourism and various policies to slow climate change (in [Brazil](#), Costa Rica and [Chile](#)) even as it boosts the resilience of household to all too frequent climate shocks (Bolivia, Peru and Colombia)

Required texts: *Available free online in pdf format, see urls below. See [also the class calendar](#).

[Armendáriz, Beatriz & Felipe Larraín](#) or **A&L (2017)** *The Economics of Contemporary Latin America*. [MIT Press](#), ISBN [0262533154](#) \$45 paper (Amazon or Bookstore) or e-book (\$31.75 Google Play to [\\$45 MIT Press Digital](#)) you will need access to book by the 2nd week of class. We start by reading Chapter 6 and which will be available on blackboard and Chapter 1 (google play preview sans a few figures which I will post here).

*Ferreira. et al. (2012) Ferreira, F. H., Messina, J., Rigolini, J., López-Calva, L. F., Lugo, M. A., Vakis, R., & Ló [Economic mobility and the rise of the Latin American middle class](#). World Bank.
<http://go.worldbank.org/AFL3SA25B0>

*Edwards, Sebastian (2010) *Left Behind: Latin America and the False Promise of Populism* U. of Chicago Press
[Chapter 1 available here is all we need](#)

Office hours: Monday 5:30-6:30pm (check 318 FMH, then E-527 Dealy) and Wed 9:30-10:30pm in E527 Dealy or by appointment in E527 Dealy Hall. Always confirm at mcleod@fordham.edu and please put Latin America or ECON 3235 in the subject line; 718-817-0063 works if I am in my office, the voicemail is not reliable use email or my cell (914-661-6998). Most readings are online, linked to the course calendar for example. If you ever have problems accessing any reading/video, please email me immediately, typically we can fix broken urls in minutes.

Course Requirements: Like the United States, Latin America faces many complex economics and political challenges. This is why class participation and timely reading and viewing of videos is essential. A country or issue case study is also required for this course. The first seven lectures will focus on the so-called LA-7 accounting for 80+ percent of Latin American GDP, that is: ARG, BRA, CHL, COL, MEX, PER & VEN. But there are many equally important and interesting Central American and the Caribbean countries. I hope you can present your findings, but with 30+ of use this may not be practical. However, we can have assignments and a case study/issue exam questions (midterm and final). There will also be some short answer and multiple choice online quizzes to preview the midterm and final. Class attendance (10%) homework's (15%) and quizzes (15%) a case study essay (10%) as well the midterm (20%) and final exam (30%) make up the components of your grade. If you miss or get a low score on a quiz or the midterm there is also an EC review or paper we will discuss as the midterm approaches (see also the Special Topics below).

Our midterm exam will be October 16th, in class, at least one question will focus on your country case study

See the [Course Calendar](#) for special topics and the most up to date readings for each lecture.

Special topic readings and videos: VisualPolitik has produced a number of videos which provide visual and narrative updates on a number of countries and issues relevant to us. Simon Whistler (British citizen living in Prague) narrates on [Cuba](#), [Chile](#), [El Salvador](#), [Peru](#) and [Venezuela](#) (sorry for the ads, press skip, I have youtube red which is free for a month). Puerto Rico as our hemisphere's Greece (or Charles Haughey's [Ireland?](#)) [Chile: from Education reforms to slower growth](#) Recently Chilean President Michelle Bachelet, reformer ... (meeting with VP [Mike Pence Aug 16th 2016](#)) Immigration as an antipoverty and growth strategy for Latin America and Puerto Rico.

II. Lecture Topics Outline and Readings (see Course calendar for updates)

Lecture 1: Thursday August 31st *The resurgence of populism in the Americas* ([Armendáriz & Larraín \(A&L\)](#)) Chapter 6 Castañeda, Jorge G. "[Latin America's left turn.](#)" *Foreign Affairs* (2006):28-43 ([NH](#)) Oliver Stone (2009) *South of the Border* (just the [previews \(4 mins\)](#) The full documentary is one hour, but the previews are fine. Use them to answer the Lecture and Discussion Questions included below. Readings: Birdsall, Lustig and McLeod (2013) *Declining Inequality in Latin America: Some Economics, Some Politics*, Center for Global Development working paper #251.

Lecture 2: Migration and NAFTA and Global Value Chains (GVCs): How NAFTA has become the model for World Manufacturing. Mexican immigration to the U.S. reversed in 2009, why? Baldwin and Dollar on GVCs and Mexico discuss the new knowledge driven globalization phase and Global Value Chains how does alter our view of trade and migration? The economics of NAFTA and immigration, common roots and new directions. **Mexico NAFTA renegotiations:** Amanda Waldron (2017) [NAFTA renegotiations, separating fact from fiction](#), Brookings Now, Aug 17th and Bahar, Dany (2017) [The Case for Open Markets](#), *The Cairo review of Global Affairs*, Summer. Durable left populist regimes in [Cuba](#), Nicaragua, Ecuador, and [Bolivia \(the "new oil" Lithium Salar de Unyuni triangle\)](#)

Lecture 3: *The rise of Latin America's middle class:* Why is LatAm inequality is falling and social mobility increasing: the Great Gatsby curve is alive and well in Latin America (but not the U.S.)? Readings A&L Chapter 5, Alan Krueger's CEA slides from the 2012 Rock & Roll hall of Fame speech where he [introduces the Great Gatsby curve](#) Washington DC. The Economics of Populism: Argentina and Venezuela and Ali Brahim, Sumaya and Darryl McLeod (2016) "[Inequality and Mobility: Gatsby in the Americas.](#)" *Modern Economy* 7:5,643-555. **Lecture notes:** Poverty, Social mobility or Inequality?

Lecture 4: *How and when Latin America fell behind its peers: Institutions, Geography or Colonial legacy:*

Read Chapter 1 of A&L (if you have not already) Nogales, Mexico v Nogales, AZ: Acemoglu & Robinson (2012) [Chapter 1](#) right yes but geography matters Jeffery Sachs [Foreign Affairs](#) Bill Gates on Why [Nations Fail and Carlos Slim \(richest man in the world\) and skim Franko \(2007\) Chapter 1](#)

Lecture 5: Can Latin America escape China and the Resource Curse/Dutch Disease: Chile and Mexico escaped, Venezuela did not... see lecture notes on the TNT Model and A&L Chapter 1 and 12 Why Mexico and the Iron Triangle so violent just as Colombia's [Santos wins the Nobel Peace Prize?](#) See lecture notes on the TNT Model A&L Chapter 1 and Chapter 12.

Midterm Exam, October 16th

Lecture 6: Gender and race in Latin America: female education, marriage markets and inequality in Latin America Part II: Why Latina women do not engage in Assortative mating? Read: "Schooling Can't Buy Me Love: Marriage, Work, and the Gender Gap in Latin America [aka Ganguli, Ina, Ricardo Hausmann, and Martina Viarengo (2010) "Schooling Can't Buy Me Love: Marriage, Work, and the Gender Education Gap in Latin America". CID Working Paper <http://www.tinyurl.com/mwg9vyu> Lykke Andersen (Bolivia) on Female headed HHs in Latin American why women migrate: [vulnerability and a resilience](#) to migration and the the middle class.

Lecture 6: Migration and the Development: the role of remittances in Mexico, Central America and in the DR (vs. Puerto Rico.. where many have left) Readings: Collier, Exodus Debate on Al Jazeera, Jesuit Refugee Service Video on the Iron Triangle, Migration as strategy Return Migration to Mexico: Cuecuecha and McLeod (2017) Return Migration to Mexico, Causes and Turning points, Dallas Fed Presentation.

Lecture 7: Climate and development: the special role of Latin America; overcoming the Natural Resource Curse cutting carbon emissions in the Amazon? Is China's Latin America's and the climate's new ally? What LatAm can teach the U.S. about climate change

Lecture 8: New directions, social Innovation, Finance and the informal Sector in Latin America: Microfinance in Bolivia Peru and Mexico. PBS Documentary on Compartamos and the Microfinance Debate. Labor market reforms,

III. Readings for case studies and selected readings: (*available online or pdf):

- *OECD, 2017, [Latin American Economic Outlook 2017](#) Youth, Skills and Entrepreneurship, 2012, OECD, Paris
- *Klugman et al. (2014) Klugman, Jeni, Lucia Hanmer, Sarah Twigg, Tazeen Hasan, Jennifer McCleary-Sills, and Julieth Santamaria. *Voice and agency: Empowering women and girls for shared prosperity*. World Bank Publications, 2014 (google books “preview” is the [full version](#))
- *Acemoglu, Darron and James Robinson (2012) *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*, Profile /[1846686105](#)
- Arnson, Cynthia J., and José Raúl Perales, eds. (2007) The "new left" and democratic governance in Latin America. Washington, DC: Woodrow Wilson International Center or [Costa Rica pdf](#).
- Dayton-Johnson, Jeff, ed (2015) Latin America's Emerging Middle Classes: [Economic Perspectives](#) Springer-Verlag, New York.
- Carlos de la Torre, Cynthia Arnson (2013) eds [Latin American Populism in the Twenty-First Century](#), Johns Hopkins Univ Press, MD (see also her email to Nora)
- Cardoso, Eliana and Ann Helwege (1992) *Latin America's Economy: Diversity Trends & Conflicts* MIT Press, Cambridge MA [0262531252](#)
- Franko, Patrice (2007) *The Puzzle of Latin American Development* 3rd ed Rowman & Littlefield, NY [0-7425-5353-8](#) see [Chapt 1](#)
- López-Calva, L. F., & Lustig, N. eds. (2010). *Declining inequality in Latin America: a decade of progress?* Brookings Institution Press.
- Ocampo, José Antonio and Jaime Ros (2011) *The Oxford Handbook of Latin American Economics*, Oxford U Press, [0-19-957104-8](#), [Chapt 1](#) pdf.
- World Bank LAC (2011) *Work and Family: Latin American Caribbean Women in search of a new Balance* [World Bank Open Publication](#), Wash DC.
- World Bank LAC (2012) *Latin America Copes with Volatility: the Dark Side of Globalization*, World Bank [Open Pub](#), [Presentation](#), [Chief Economist](#)
- IDB (2008) *Outsiders? The Changing Patterns of Social Exclusion in Latin America and the Caribbean*, December, Washington DC.
- Fajmzylber, Pablo and J. Humberto Lopez (2008) Remittances and Development: [Lessons from Latin America](#), World Bank.
- Orozco, M (2012) Future [Trends in Remittances to Latin America](#) and the Caribbean, IAD report.