

Ec84: Latin American Economies



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Swarthmore College
Fall 2021

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Classes: Tuesdays and Thursdays, 1:15pm-2:30pm.

Office hours: Wednesdays 10:30am-12pm and 12:30pm-2pm.

A survey of the development experience of Latin American countries. We study policy choices in their political and institutional context. Topics include Latin American labor markets, pension systems and health care reform, education, regional economic integration and trade, sovereign debt markets, and financial and currency crises.

Guest speakers will present on topics pertinent to their own countries/research. We will visit the World Bank and the Interamerican Development Bank (virtually due to COVID restrictions) to learn about their projects and lending in the LA region.

Eligible for Global Studies and Latin American & Latino Studies.

Prerequisite: ECON 001

Required Readings

- **GWW** - Gary W. Wynn, *The Politics of Latin American Development*, Cambridge University Press, 1990.
- **SE** - Edwards, Sebastian, *Left Behind: LA and the False Promise of Populism*, University of Chicago Press, 2010.
- **SENL** - Edwards, Sebastian and Nora Lustig eds. *Labor Markets in Latin America: Combining Social Protection with Market Flexibility*, Brookings Institution Press, 1997.
- **CML** - Mesa-Lago, Carlos, *Reassembling Social Security: A Survey of Pensions and Healthcare Reforms in Latin America*, Oxford University Press, 2007.
- Several other papers and excerpts from books that will be shared through Moodle (as allowed by copyright laws).

Requirements

Written requirements: There will be no midterm or final exam in this course. Written requirements (due dates below) include:

- (1) two short (3-5 page) papers focusing on the weekly readings (2 weeks of the student's choice),
- (2) one 15-20 page country report due at the end of the final exams period, and
- (3) a peer review of the draft report for one classmate.

In-class presentation: Students will be expected to present for 15-20 minutes on a topic/reading and a date pre-assigned by the professor. Each 1/5 of the class will present on one of the five following topics: labor markets, healthcare reform, education reform, international trade and macroeconomic crises.

Class participation: Students will be expected to have done the pre-readings before each class and to actively participate in discussions. Participation includes being called to explain a concept, example of a policy, situation in a particular country, etc. (these topics would "pop up" as part of the discussion during class), as well as more informal comments/opinions/questions based on the lectures.

Final Paper/Country Report: For the final course requirement each student will focus on one country of the region. We will use a random number generator to assign each country in the region to each student in the class. The final paper will be a country report focusing on the economic history, the political context and a specific policy or barrier to growth for that country. It should be 15-20 pages total, including references, tables and graphs. A rubric will be provided.

A 1:1 meeting with the professor to discuss the initial stages of the paper will be required and will be part of the grading rubrics.

An initial draft of the report will be peer-reviewed by a fellow student. Each student will review a classmate's first draft and provide detailed written feedback to be incorporated in the final version.

The country report will be presented to the class during the last week of class (see tentative schedule below).

Grading

In-class presentation: 15% of the final course grade.

Class participation in discussions and during presentations by invited speakers: 15%

Two short papers: 30%, 15% each paper.

Country report: The final paper is 30%.

Peer review: 10%.

Fall 2021 Accommodations Statement:

If you believe you need accommodations for a disability or a chronic medical condition, please contact Student Disability Services via email at studentdisabilityservices@swarthmore.edu to arrange an appointment to discuss your needs. As appropriate, the office will issue students with documented disabilities or medical conditions a formal Accommodations Letter. Since accommodations require early planning and are not retroactive, please contact Student Disability Services as soon as possible. For details about the accommodations process, visit the Student Disability Services website. You are also welcome to contact me privately to discuss your academic needs. However, all disability-related accommodations must be arranged, in advance, through Student Disability Services.

Late assignments: Please hand in your papers on time. Your grade will drop by 20% of the grade if it is late, and by an additional 20% of the grade for each additional 2 days it is late.

Plagiarism: Plagiarism is a serious offense. Make sure you appropriately cite all the literature you base your work on. Please feel free to come to office hours to discuss your questions regarding how to avoid plagiarizing. Plagiarism will result in a course grade of F and exposes the student to the College's judicial procedure which may lead to suspension or expulsion.

Important Dates

Throughout the semester: Due dates for two short papers on a course topic of your choice. Once you choose the topic, the paper will be due on Tuesday of the week following the week when the chosen topic was covered (Ex: we cover healthcare reform in week 7 so that papers on this topic would be due on Tuesday of week 8). You can choose topics based on your schedule and exams for other classes.

September 28th or 30th: Student presentations (for the 5-6 students assigned to present on labor markets).

October 19th: Due date for outline (2 pages) of country report.

October 26th or 28th: Student presentations (for the 5-6 students assigned to present on healthcare reforms).

November 23rd: Student presentations (for the 5-6 students assigned to present on macroeconomic and financial crises).

November 30th / December 2nd / December 7th: In-class presentation of country report on one of these three dates.

December 10th: Due date for peer-review of classmate's draft.

December 15th: Due date for country report.

Topics (detailed reading lists will be posted on Moodle)

Please notice that the schedule below is tentative and subject to change depending on how we progress through the materials as a group.

Also, the list of topics for each week is not exhaustive at this point. More readings/topics will be added throughout the term. The current list is intended to give you a more specific idea of what each “chapter” topic will cover.

Week 1: Introduction to Latin American Economies

- 1) The Washington Consensus (SE and JEP paper).
- 2) *Visit 1 by the Interamerican Development Bank (IADB): the Bank's mission and work in the region. HR and careers presentation.*

Week 2: Introduction to Latin American Economies (ctd.)

- 1) *Visit 2 by the IADB: Rural and urban development in Latin America.*
- 2) The Washington Consensus (ctd.).

Week 3: Introduction to Latin American Economies (ctd.)

- 1) The Latin American condition (GWW).
- 2) Players (GWW).
- 3) Economic Strategy and Development Policy (GWW).
- 4) The State of Democracy in Latin America (Harvard DRCLA webinar)

Weeks 4 and 5: Labor Markets

- 1) Poverty and income distribution: the role of labor markets
- 2) Informality in labor markets
- 3) Employment protection laws and their impact: payroll taxes, minimum wages, unemployment insurance, unions and collective bargaining.
- 4) The impact of COVID-19 on labor markets
- 5) The Populist Game: Argentina's Peron and Brazil's Vargas (GWW).
- 6) The legal framework for collective bargaining (SENL).
- 7) Minimum wages and poverty (SENL).
- 8) Designing an optimal unemployment insurance (SENL).
- 9) *Student presentations (5-6) on specific countries assigned by the professor.*

Week 6: Pension Systems

- 1) Taxonomy of the systems, goals and actors (CML).
- 2) Effects of the reforms on universal coverage, equal treatment, solidarity and comprehensiveness (CML).
- 3) Effects of the reforms on efficiency, costs and financial sustainability (CML).
- 4) Pension reforms with special attention to Chile, Colombia and Argentina.
- 5) *Invited speaker: Kahn Professor of Economics Petra Todd (University of Pennsylvania).*

Week 7: Health

- 1) The state of health care in the region before the reforms (CML).
- 2) An analysis of the fiscal space in healthcare.
- 3) Reform: taxonomy, objectives and actors (CML).
- 4) Effects on universal coverage, equal treatment and solidarity (CML).
- 5) Effects on efficiency, costs and financial sustainability (CML).
- 6) Healthcare reforms in relation to labor markets.
- 7) *Student presentations (5-6) on specific topics and readings assigned by the professor.*

Week 8: Education

- 1) Returning to democracy and human capital formation: 1980s and early 1990s.
- 2) Neoliberalism and education reforms in LA.
- 3) Alternatives to Neoliberal reforms.
- 4) The current state of education reform in the region.
- 5) Private schooling, vouchers, charter schools and other options to public education.
- 6) Making education reform work for the poor.
- 7) Specific case studies: Colombia, Chile and Guatemala.
- 8) *Invited speaker: The World Bank.*

Weeks 9 and 10 (Tuesday): International Trade

- 1) Regional integration in the LA region
- 2) Southern Common Market (Mercosur)
- 3) NAFTA with Mexico
- 4) The Pacific Alliance
- 5) *Invited speaker: Prof. Ana Cecilia Fieler (Yale).*

Weeks 10 (Thursday), 11 and 12 (Tuesday): Macro-Finance

- 1) Exchange rate regimes
- 2) Financial crises
- 3) Sovereign debt markets and default
- 4) The 1994 Tequila crisis in Mexico **(SE)**.
- 5) The 2001-2002 Default crisis in Argentina **(SE)**.
- 6) Challenges for the future **(SE)**.
- 7) Student presentations (5-6) on specific topics and readings assigned by the professor.