Economic Development in Latin American

University of California, Riverside
Economics 185

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Office Hours: Tue. & Thur. 11-12:15pm and by appointment

Course Description:
This course provides a survey of the most important economic issues in Latin America in the 20th century. Topics include historical legacies, the theory and practice of import substitution industrialization, the debt crisis, stabilization and structural adjustment, the persistence of poverty and inequality, and land reform. The course places current problems in an historical perspective and uses applied economic analysis to understand the choices as well as the constraints that Latin American policy makers face. This course is complemented by Econ 187 which focuses on contemporary public policy challenges in the region. This year the course will focus on inequality.

Requirements and Grading:
- Daily clicker questions based on assigned readings 10%
- Section attendance (5%) and presentation (5%) 10%
- One 5 page paper (to be done in groups of 2, due on Dec. 3) 20%
- Mid-term exam (tentatively scheduled for Nov. 5) 25%
- Final exam (cumulative) 35%

Readings: Students are expected to read one chapter or article per class, and to come to class prepared to discuss the material.

Daily “clicker” questions: At the beginning of each class, I will ask several multiple choice questions related to the assigned reading for that day. Students must arrive on time. Your two lowest scores will be dropped. Exceptions will not be made.

Paper (to be done in pairs): The paper will address inequality in a country of your choosing. It should review the evidence on determinants and evolution, and make an argument for how policy could contribute to a reduction in inequality. Topics must be approved in advance.

Discussion section: I will run a discussion section so that we can have an opportunity to discuss the material. I will not lecture. Student presentations will sometimes be made. Attendance is required, and you must bring a typed question with your name and student I.D. to each class.

Exams: The mid-term exam is tentatively scheduled for November 5 (Tue. of week 6). The final exam will be cumulative, and will be held on December 11 at 8am.

Laptops and cells phones: My experience is that students overestimate their ability to multi-task, e.g. surf the net and pay attention in class. For this reason I will enforce the following policy: No laptops, cells phones, or texting in class.

Academic Honesty: We will discuss appropriate ways for referencing the material used to write the paper. Any student found committing plagiarism, not handing in original work of his/her own, or cheating in any way, will be given an F in the course and will be subject to disciplinary action by the University.

Useful references:

Schedule of Topics

1. Introduction: Latin America and Economic Development
   a) Setting the Stage
   b) Economic Development: Meaning and Measurement

2. Alternative Explanations for Divergent Paths of Development

3. The Historical Legacy
   a) The Colonial Period and the Early 20th Century in Brief
   b) Has Latin America Always Been Unequal?: Part 1

4. Import Substitution Industrialization

5. The Debt Crisis

6. Stabilization and Structural Adjustment

7. Has Latin America Always Been Unequal?: Part 2
   a) Inequality Trends in the 20th Century
   b) The Recent Decline in Inequality in Latin America

8. The Persistence of Poverty and the Recent Decline
   a) Poverty
   b) Anti-Poverty Policies

9. Rural Poverty, Rural Development, and Land Reform in the 20th Century

10. Reflections on a Century of Economic Development
Course Outline and Reading List

1. Introduction: Latin America and Economic Development

   a) Setting the Stage
   Thorp, “Growth and Quality of Life over the Century,” Chapter 2.

   b) Economic Development: Meaning and Measurement
   World Bank, World Development Indicators: http://data.worldbank.org/

2. Alternative Explanations for Divergent Paths of Development


3. The Historical Legacy

   a) The Colonial Period and the Early 20th Century in Brief
   Cardoso & Helwege, “Historical Roots,” Chapter 2.
   Deitz, James L., “A Brief Economic History,” Chapter 1 in Dietz (ed.).
b) Has Latin America always been Unequal: Part 1

4. Import Substitution Industrialization


5. The Debt Crisis

Sachs, Jeffrey D., “Introduction,” in Developing Country Debt and Economic Performance, Chicago: The University of Chicago Press, 1990. This also has country studies on Argentina, Bolivia, Brazil, and Mexico.

6. Stabilization and Structural Adjustment

7. Has Latin America always been Unequal: Part 2

a) Inequality Trends in the 20th Century

b) The Recent Decline in Inequality in Latin America
This book also has country case studies that we will use for presentations:
- Gasparini, L. and G. Cruces, “A Distribution in Motion: The Case of Argentina”
- Barros, R., M. de Carvalho, S. Franco, and R. Mendonça, “Markets, the State, and the Dynamics of Inequality in Brazil”
- Esquivel, G., N. Lustig, and J. Scott, “Mexico: A Decade of Falling Inequality: Market Forces or State Action?”
- Jaramillo, M. and J. Saavedra, “Inequality in Post Structural Reform Peru: The Role of Market Forces and Public Policy”

8. The Persistence of Poverty and the Recent Decline

a) Poverty
Franko, “Poverty and Inequality: Addressing the Social Deficit in Latin America,” Chapter 11.

b) Anti-Poverty Policies

9. Rural Poverty, Rural Development, and Land Reform in the 20th Century


### 10. Reflections on a Century of Economic Development

