Contemporary Public Policy Challenges in Latin America

University of California, Riverside
Economics 187

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Winter 2012 Office Hours:
M 10-12pm and R 11-12pm
or by appointment

Course Description:
Latin American countries have undertaken wide-sweeping policy reforms since the 1980s. This course provides a survey of the reforms and of the most important contemporary public policy challenges in Latin America. The challenges include extremely high levels of poverty and inequality, inadequate educational and healthcare systems, problems of trade competitiveness, and recurring currency crises. The course will place current problems in an historical perspective and use applied economic analysis to understand the choices as well as the constraints that Latin American policy makers face.

Requirements and Grading:
- Daily “clicker” questions 20%
- Discussion section attendance 5%
- One 5 page paper (to be done in groups of 2 or 3, due on March 16) 20%
- Mid-term exam (tentatively scheduled for Tue., February 7) 20%
- Final exam (March 22) 35%

This course requires a considerable amount of reading. Students are expected to read one item per class (either a textbook chapter, book chapter, or article).

Daily “clicker” questions: Regular attendance is essential for gaining a clear understanding of the material in this course. In each class, I will ask several multiple choice questions related to the assigned reading for that day or to the previous lecture. We will do this in 17 of the 20 classes, i.e., in all classes other than the first week and on the day of the mid-term. Your two lowest scores will be dropped. This is designed to cover absences and technical problems (e.g. a bad battery). No other accommodations will be made.

Paper (to be done in small groups): The paper will address a particular policy in a Latin American country. It should review the evidence on that policy, and make an argument for how the policy could be (or could have been) improved. Examples include exchange rate policy in Argentina in the 1990s, trade policy in Mexico, social security policy in Chile, and land reform policy in Brazil.

Discussion section: Because classes have gotten so large at UCR, I will run a discussion section so that we can an opportunity to discuss the material. I will not lecture. You must come every other week, and bring a typed question with your name and student I.D.

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, will be given an F in the course and will be subject to disciplinary action by the University.

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.
Schedule in Brief

1. Setting the Stage: Poverty, Inequality, and Human Development in Latin America
2. Background to the Washington Consensus
3. Reform of the State: Privatization and the Challenge of Regulation
5. Trade Liberalization and Regional Integration
6. Growth, Productivity, and Competitiveness
7. The Challenge of Reducing Poverty and Inequality in Latin America
8. Rural Poverty, Rural Development, and Land Reform
10. The Pendulum Swings Back: The “Pink Tide” in the New Millennium

Mid-term exam: tentatively scheduled for Tuesday, Feb. 7

Final exam: Thursday, March 22, 11:30am
Course Outline and Reading List


All Franko chapters are marked with an “*” and are required reading. Additional required reading will be announced in advance. All other sources are recommended for those students who desire to gain a deeper understanding of a particular topic.

1. Setting the Stage: Poverty, Inequality, and Human Development in Latin America

   World Bank, World Development Indicators: http://data.worldbank.org/

2. Background to the Washington Consensus


   Import substitution industrialization (1930-82)

   The debt crisis (1980s)

   Macroeconomic Stabilization (1982-94)

3. Reform of the State: Privatization and the Challenge of Regulation


   The emergence of a new model: the Washington consensus
Second generation reforms

Privatization

Regulation


Foreign direct investment and portfolio flows in the 1990s

Exchange rate crises: Mexico, Brazil, and Argentina
5. Trade Liberalization and Regional Integration

*Franko, “Contemporary Trade Policy: Engine or Brakes for Growth?,” Chapter 8.

Trade liberalization

Regional integration

6. Growth, Productivity, and Competitiveness


7. The Challenge of Reducing Poverty and Inequality in Latin America

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

The evidence

Policies and strategies


### 8. Rural Poverty, Rural Development, and Land Reform


*Health Policies*


Education Policies


Social Security Policies


10. The Pendulum Swings Back: The “Pink Tide” in the New Millennium

