Economics 261: Economic Development of Latin America
Fall 2001 - MW 11:00-12:20 PAC 136

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Office hours: M 1:30-2:30, W 3-4, or by appointment
Writing tutor: Lauren Bierman

Questions explored: Why haven't at least some Latin American countries reached the status of "developed country"? Why are there such important differences in the degree of development of different Latin American countries? To what extent have foreign countries and institutions influenced the choice of economic policies? Why has Latin America abandoned import substitution industrialization? Are the current attempts at deeper integration into the global economy conducive to economic development, or are they detrimental to the region's poor (or both)? By exploring these and other questions, this course provides an introduction to Latin America's economic development. In our exploration, we draw on economic analyses, historical narratives, and case studies.

Requirements: The final grade will be based on the following assignments. Class participation will be taken into account when computing the final grade.

<table>
<thead>
<tr>
<th>Assignment</th>
<th>Length</th>
<th>Date and time</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Short paper #1</td>
<td>3 pp.</td>
<td>Draft due 9/19 at 11:00 am; final version due 9/28 at 4:30 pm</td>
<td>10%</td>
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<tr>
<td>Short paper #2</td>
<td>3 pp.</td>
<td>Draft due 10/10 at 11:00 am; final version due 10/19 at 4:30 pm</td>
<td>10%</td>
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<td>Midterm test</td>
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<td>10/22 in class</td>
<td>25%</td>
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<tr>
<td>Short paper #3</td>
<td>3 pp.</td>
<td>Draft due 10/31 at 11:00 am; final version due 11/9 at 4:30 pm</td>
<td>10%</td>
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<tr>
<td>Research outline</td>
<td>3 pp.</td>
<td>Draft due 11/21 at 11:00 am; final version due 11/30 at 4:30 pm</td>
<td>10%</td>
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<tr>
<td>Class presentation</td>
<td></td>
<td>Between 11/28 and 12/10 in class</td>
<td>10%</td>
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<tr>
<td>Research paper</td>
<td>10 pp.</td>
<td>12/17 at 4:30</td>
<td>25%</td>
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Class participation: Class participation is essential. It involves coming to class, reading the assigned material ahead of each class, and being prepared to participate in the class discussions.

Honor code: All the assignments and tests for this course are bound by the Wesleyan Honor code. Please read about Wesleyan’s honor system at http://www.wesleyan.edu/deans/honorsystem.html.

Policy on late assignments: All tests must be written and all assignments must be handed in at the dates and times indicated on this syllabus. Please do not request a personal exception from this policy, or an incomplete, except in the event of a grave medical or family emergency.
Topics and Readings

I- INTRODUCTION

Sept. 5  A road map to the course

II- ACQUIRING TWO LANGUAGES

Sept. 10  • Conquest and colonization
  • Introduction to development economics

Sept. 12  • Independence
- Class discussion: Chasteen (2001), ch. 4-5
  • Theory of economic growth

Sept. 17  • Liberalism
- Class discussion: Chasteen (2001), ch. 6-7
  • Theory of economic growth (cont’d)
- Perkins et al. (2001), ch. 2, pp. 52-82

Sept. 19  Case studies: Mexico and Brazil
  Short paper: “Why Mexico fell behind?” - draft due today at the beginning of class

Sept. 24  • Nationalism
- Class discussion: Class discussion: Chasteen (2001), ch. 8
Instruments of trade policy
- Perkins et al. (2001), ch. 18, pp. 677-695

Sept. 26
- Cold war
  - Class discussion: Chasteen (2001), ch. 9-10

- Exchange rates management
  - Perkins et al. (2001), ch. 18, pp. 695-700.

Sept. 28 (Fri) Short paper: “Why Mexico fell behind?” – final version due at 4:00 pm (econ box)

III- CORE ISSUES

Oct. 1 Perspectives on Latin American economic development

Oct. 3 Poverty
- Class discussion: Sheahan (1987), ch. 2
- Perkins et al. (2001), ch. 4, pp. 115-129

Oct. 8 Employment and earnings
- Class discussion: Sheahan (1987), ch. 3
- Perkins et al. (2001), ch. 4, pp. 281-294

Oct. 10 Trade, industrialization, and growth
  Short paper: “Pros and cons of ISI” - draft due today at the beginning of class
- Class discussion: Sheahan (1987), ch. 4

**Oct. 15**  
**Fall break**

**Oct. 17**  
**Land ownership**

- Class discussion: Sheahan (1987), ch. 6


**Oct. 19 (Fri)**  
**Short paper: “Pros and cons of ISI” – final version due at 4:00 pm (econ box)**

**Oct. 22**  
**Midterm test**

**Oct. 24**  
**Case study: Cuba**


**Oct. 29**  
**Transnational corporations**

- Class discussion: Sheahan (1987), ch. 7


**Oct. 31**  
- Foreign direct investment in Latin America in the 1990s

**Short paper: “Does ownership matter?” - draft due today at the beginning of class**


  - Introduction to the Budget Blaster game

- Perkins et al. (2001), ch. 12, pp. 420-431 and 444-457
Nov. 5  Inflation


Nov. 7  External deficits and IMF stabilization programs


Nov. 9 (Fri)  Short paper: “Does ownership matter?” – final version due at 4:00 pm (econ box)

IV – CRISIS AND REFORM

Nov. 12  Budget blaster game

Nov. 14  The debt crisis


Nov. 19  The economic reforms of the 1990s


Nov. 21  What next?

Research paper outline – draft due today at the beginning of class


Nov. 26  Thanksgiving recess

V – STUDENT COUNTRY PRESENTATIONS (additional articles chosen by students are welcome)

Nov. 28  Argentina

Nov. 30 (Fri)  Research paper outline – final version due at 4:00 pm (econ box)

- Sheahan (1987), ch. 8 (passages on Argentina)


Dec. 3  Brazil

- Sheahan (1987), ch. 8 (passages on Brazil)


Dec. 5  Chile

- Sheahan (1987), ch. 9


Dec. 10  Mexico

- Sheahan (1987), ch. 11 (passages on Mexico)


Dec. 17  Research paper due at 4:00 pm (econ box)