

**LATIN AMERICAN ECONOMIC HISTORY AND DEVELOPMENT**  
**ECON 5460/6460 - SPRING 2016**

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A vast geographic region rich in natural resources was introduced to the known world by the end of the 15<sup>th</sup> century. Incas and Aztecs submitted their vast empires to the newcomers-Spaniard conquerors. After 300 years of European influence independence arrived at the beginning of the 19<sup>th</sup> century with air and hope of a new life and prosperity. During the following two hundred years and after multiple attempts and economic models the promised prosperity has not arrived to the region and Latin America remain underdeveloped.

This course reviews the historic and contemporary economic problems in Latin America from the conquest to the present dependency, independence, and integration into world economy. Emphasis on new forms of dependency in the macro economy and on contemporary domestic social problems with a view to improve understanding of the current opportunities and constraints faced by the region. Several topics are discussed, including the colonial heritage, outward/inward orientation, inflation, macroeconomic populism, the debt crises and the more recent process of external liberalization. The reasons for the relative backwardness of the region are discussed, and contrasted, with the experience of other world regions.

The objective of the course is to apply economic models to explain the historical and institutional causes of Latin American relative backwardness with respect to developed countries North American and Western Europe. The course will provide alternative, mainstream and heterodox, theories to explain Latin American underdevelopment and will require the interpretation of economic data to assess different theories.

The required book will be Luis Bértola and José Antonio Ocampo (BO) The Economic Development of Latin America Since Independence. Additional readings will be provided in class. Many, but not all of the extra readings are also available in Jeffrey Frieden, Manuel Pastor; and Michael Tomz, Modern Political Economy and Latin America: Theory and Policy, Boulder, CO, Westview Press, 2001.

### **REQUIREMENTS AND EVALUATION**

The course requires some knowledge of basic economic concepts. Attendance and participation in class are encouraged. There will be two midterms (one in class and one take home) worth 20 percent of the final grade each, and a final exam worth 30 percent. The other 30 percent of the grade correspond to participation and 6 homework assignments that will consist on a one page single space critique of the literature/readings assigned for that date – Due Jan 25<sup>th</sup>, select one between Coatsworth (1978), Leff (1972), and Vernengo (2006; 2009). Participation requires attendance, so it is important that you attend all classes and come to class prepared to discuss the readings.

I will be available before and after each class on Mondays for any informal questions or situations that require my attention. I will be also available by appointment for formal discussions from 5.30 to 7.00 pm on Wednesdays and Fridays. If you need to schedule an appointment or discuss some special need e-mail me at [u0290912@utah.edu](mailto:u0290912@utah.edu). Note that University of Utah's honor code and plagiarism rules do apply.

## **CONTENT:**

### **Part I - Historical evolution**

1. The Colonial Heritage and Independence  
BO pp. 1-16 and 48-80; Coatsworth (1978); Engerman & Sokoloff (2000); Leff (1972); Vernengo (2006; 2009)
2. The Commodity Export Model  
BO pp. 81-137; Coatsworth & Williamson (2002); Vernengo (2000; 2003)
3. Import Substitution  
BO pp. 138-197; Diaz Alejandro (1984); Moreno-Brid & Pérez-Caldentey (2009); Prebisch (1959)
4. Debt Crisis  
BO pp. 198-213; Lindert (1989); Sachs (1985); Vernengo (2005)
5. Globalization and the Washington Consensus  
BO pp. 213-245; Camara & Vernengo (2002-3); Cypher (2007); Dornbusch (1992); Rodrik (1996); Weisbrot & Rosnick (2003); Williamson (1990)

### **Part II - Problems and challenges**

6. Inflation, Stabilization and Macroeconomic Populism  
Arndt (1985); Camara & Vernengo (2004-5); Vernengo (2006)
7. Poverty and Inequality and Social Policy  
BO pp. 245-257; UNCTAD (2012); Camara & Vernengo (2006)
8. New Development Strategies and the Global Crisis  
Gallagher (2010); Jenkins (2009); Pérez-Caldentey & Vernengo (2010); Pérez-Caldentey & Vernengo (2012); Wade (2003)

**PROPOSED SCHEDULE:**

<b>Week</b>	<b>Reading</b>	<b>Assignment/Tests</b>
11-Jan	BO pp. 1-16 and 48-80; Engerman & Sokoloff (2000)	
<b>18-Jan</b>	<b>Martin L. King</b>	
25-Jan	Coatsworth (1978); Leff (1972); Vernengo (2006; 2009)	<i>1<sup>st</sup> Assignment</i>
01-Feb	BO pp. 81-137; Vernengo (2000; 2003)	
08-Feb	Coatsworth & Williamson (2002)	<i>2<sup>nd</sup> Assignment</i>
<b>15-Feb</b>	<b>President's Day</b>	
22-Feb	BO pp. 138-197; Diaz Alejandro (1984);	
29-Feb	Moreno-Brid & Pérez-Caldentey (2009); Prebisch (1959)	<i>3<sup>rd</sup> Assignment</i>
07-Mar	BO pp. 198-213; Lindert (1989); Sachs (1985); Vernengo (2005)	<i>4<sup>th</sup> Assignment</i> <b>1<sup>st</sup> MIDTERM</b>
<b>13-Mar</b>	<b>NO CLASS - SPRING BREAK</b>	
<b>21-Mar</b>	<b>BO pp. 213-245; Dornbusch (1992); Rodrik (1996); Williamson (1990)</b>	
<b>28-Mar</b>	<b>Camara &amp; Vernengo (2002-3); Cypher (2007); Weisbrot &amp; Rosnick (2003)</b>	<i>5<sup>th</sup> Assignment</i>
04-Apr	Arndt (1985); Vernengo (2006); Camara & Vernengo (2004-5).	
11-Apr	BO pp. 245-257; UNCTAD (2012); Camara & Vernengo (2006)	<b>2<sup>ND</sup> MIDTERM</b> <i>Take Home</i>
18-Apr	Gallagher (2010); Jenkins (2009); Pérez-Caldentey & Vernengo (2010);	<i>6<sup>th</sup> Assignment</i>
25-Apr	Wade (2003); Pérez-Caldentey & Vernengo (2012);	
02-May	<b>Study Guide discussion for Final</b>	<b>FINAL</b>

**General Policies:**

**1. In regard to *Canvas*.**

The student is responsible to follow all type of information regarding the course and provided by the instructor in Canvas. All assignments, syllabus, and grades; related to the course will be posted in the corresponding site. Students are responsible to acquire the literature and/or readings that are not available in canvas. Information is provided below.

**2. In regard to *incomplete assignments and examinations*.**

Without a previous reasonable explanation directed to the instructor, an incomplete assignment will be graded with 0%. Students will have approximately 4 weeks to complete each of the three home assignments for the class. Unless previous notice by the instructor, the dates for the three midterms and the final scheduled above are unchangeable and will be taken at the time and place of the regular class schedule.

**3. In regard to *Unscholastic Behavior*.**

Unscholastic behavior includes any form of plagiarism, excessive absences, and disruptive behavior and it may lead to expulsion from and failure of the class. The instructor will specify group assignments.

**4. In regard to *Students with Disabilities*.**

Equal access is provided to Students with disabilities. A previous notice is needed to be given to the instructor and to the Center for Disability Services, <http://disability.utah.edu> - 162 Olpin Union Bldg., (801) 581-5020 – in order to make arrangements for accommodations.

**Expectations:**

**You can expect me to:**

- Respect to students and other participants.
- One week - for grading and providing feedback on submitted assignments.
- 24 hours – return emails or calls.
- Updated canvas regularly with necessary information to facilitate communication.
- Follow proposed scheduled.
- Be available to meet with students.
- 2 weeks to post final grades after the last day of class.

**I expect you to:**

- Communicate using canvas regularly and in case of any emergency.
- Complete reading and homework on time.
- Take mid-term and final evaluation on the days and time scheduled.
- Read the syllabus and ask questions for full understanding and/or clarification
- Come to class on time and prepared for discussions.
- Learn about and abide by the University of Utah’s academic honesty policy. Cheating, plagiarism and furnishing false or misleading information to any faculty or staff member.
- Ask question for clarifications.
- Show always respect to others in and out of the classroom. In the classroom, the use of technology (laptops, I-pads, and cellphones) should be limited to emergencies. It is required to provide all our attention to speakers.
- Additional readings will be provided through canvas. Students are responsible to access and read these articles that provide more elements for class interaction.

The present Syllabus is subject to changes. Students will be notified if any change is decided during the first session of the present semester.

**READINGS:**

Arndt, H. W. (1985), “The Origins of Strutralism,” in Jeffrey Frieden, Manuel Pastor; and Michael Tomz, Modern Political Economy and Latin America: Theory and Policy, Boulder, CO, Westview Press, 2001.

Camara-Neto, A. F. and M. Vernengo (2002-3), "Globalization a Dangerous Obsession: Latin America in the Post-Washington Consensus Era," International Journal of Political Economy, 32 (4), Winter, pp. 4-21.

Camara-Neto, A. F. & M. Vernengo (2004-5), "Fiscal Policy and the Washington Consensus", Journal of Post Keynesian Economics, 27 (2), Winter pp. 333-43.

Coatsworth, J. (1978), "Obstacles to Economic Growth in Nineteenth Century Mexico," in Jeffrey Frieden, Manuel Pastor; and Michael Tomz, Modern Political Economy Latin America: Theory and Policy, Boulder, CO, Westview Press, 2001.

Coatsworth, J. & J. Williamson (2002), "The Roots of Latin American Protectionism," NBER Working Paper No 8999.

Cypher, J. (2007), "Shifting Developmental Paradigms in Latin America: Is Neoliberalism History?" in E. Pérez & M. Vernengo, (Eds), Ideas and Policies and Economic Development in the Americas, New York, Routledge.

Diaz Alejandro, C. (1984), "Latin America in the 1930s," in Jeffrey Frieden, Manuel Pastor; and Michael Tomz, Modern Political Economy and Latin America: Theory and Policy, Boulder, CO, Westview Press, 2001.

Dornbusch, R. (1992), "The Case for Trade Liberalization in Developing Countries," in Jeffrey Frieden, Manuel Pastor; and Michael Tomz, Modern Political Economy and Latin America: Theory and Policy, Boulder, CO, Westview Press, 2001.

Engerman, S. & K. Sokoloff (2000), "Institutions, Factor Endowments, and Paths of Development in the New World," Journal of Economic Perspectives, 14(3), pp. 217-32.

Gallagher, K. (2010), China and the Future of Latin American Industrialization, Frederick S. Pardee Center for the Study of the Longer-Range Future, Issues in Brief No 18.

Jenkins, R. (2009), "The Latin American Case," in R. Jenkins and E. Dussell-Peters (eds), China and Latin America: economic relations in the twenty-first century, Bonn, Deutsches Institut für Entwicklungspolitik.

Leff, N. (1972), "Economic Retardation in Nineteenth Century Brazil," in Jeffrey Frieden, Manuel Pastor; and Michael Tomz, Modern Political Economy and Latin America: Theory and Policy, Boulder, CO, Westview Press, 2001.

Lindert, P. (1989), "Response to Debt Crisis: What is Different About the 1980s?" in B. Eichengreen and P. Lindert (eds), The International Debt Crisis in Historical Perspective, Chicago, University of Chicago Press.

Moreno-Brid, J. C. & E. Pérez-Caldentey (2009), Trade and economic growth: A Latin American perspective on rhetoric and reality," ECLAC, Mexico.

Pérez-Caldentey, E. & M. Vernengo (2010), "Back to the Future: Latin America's Current Development Strategy," Journal of Post Keynesian Economics, 32(4), pp. 623-44.

Pérez-Caldentey, E. & M. Vernengo (2010), "Toward an Understanding of Crises Episodes in Latin America: A Post-Keynesian Approach," Levy Economics Institute Working Paper No 728.

Prebisch, R.(1959), "Commercial Policy in the Underdeveloped Countries," American Economic Review, 49(2), May, pp. 251-273.

Rodrik, D. (1996), "Understanding Economic Policy Reform," in Jeffrey Frieden, Manuel Pastor; and Michael Tomz, Modern Political Economy and Latin America: Theory and Policy, Boulder, CO, Westview Press, 2001.

Sachs, J. (1985), "External Debt and Macroeconomic Performance in Latin America and East Asia," in Jeffrey Frieden, Manuel Pastor; and Michael Tomz, Modern Political Economy and Latin America: Theory and Policy, Boulder, CO, Westview Press, 2001.

United Nations Conference on Trade and Development, UNCTAD (2012), Trade and Development Report, Geneva.

Vernengo, M. (2000), "What Do Undergrads Really Need to Know About Trade and Finance." In R. Baiman, H. Boushey, and D. Saunders (eds.), Political Economy and Contemporary Capitalism, Armonk, NY, M.E. Sharpe.

Vernengo, M. (2003), "The Gold Standard and Center-Periphery Interactions," in Sergio Rossi and Louis-Philippe Rochon, Modern Theories of Money, Cheltenham, Edward Elgar, 2003.

Vernengo, M. (2005), "Debt Crises and Development," in Philip O'Hara International Encyclopedia of Public Policy.

Vernengo, M. (2006), "Money and Inflation," in P. Arestis and M. Sawyer, A Handbook of Alternative Monetary Economics, Cheltenham, Edward Elgar.

Wade, R. (2003), "What Strategies are Viable for Developing Countries Today? The World Trade Organization and the Shrinking of 'Development Space'." Review of International Political Economy,10(4), pp. 621-44.

Weisbrot, M. & D. Rosnick (2003), "Another Lost Decade? Latin America's Growth Failure Continues Into the 21st Century," Center for Economic and Policy Research.

Williamson, John (1990), "What Washington Means by Policy Reform," in Jeffrey Frieden, Manuel Pastor; and Michael Tomz, Modern Political Economy and Latin America: Theory and Policy, Boulder, CO, Westview Press, 2001.