

Political Economy of Latin America (IAFF 3187)

Professor Stephen B. Kaplan

sbkaplan@gwu.edu

(202) 994-6680

Class Meetings

Monroe Hall, room B32

(2115 G Street)

Tuesday 3:30pm-5:30pm

Office Hours

470 Monroe Hall (2115 G Street)

Thursday 1:00-3:00pm, or by appt.

Course Goals and Descriptions:

Latin America has emerged from more than two decades of economic reform and globalization as one of the world's primary regions of emerging market growth. It is no longer an area whose development depends exclusively on ties to the United States and Europe. In recent years, Latin America has begun to show signs of "decoupling"; of pursuing a diverse range of development pathways. While the study of Latin American development has for the last two decades afforded students a wide array of cases for the evaluation of "neoliberal reform," there is considerable focus today on the "post-reform" experience and policy agenda. The election of many new political leaders from 2002 to the present represents both an important historical shift in power as well as an opportunity for socio-economic development. Over the last decade, a focal question in Latin America has been whether new leadership, whether described as progressive, social democratic, or populist, will succeed in improving the region's development trajectory.

This *advanced upper-level seminar* will focus on the politics of economic policymaking in Latin America, raising the following questions. What were the political reasons for adopting each new development model? What were the political and economic obstacles to prosperity? We will begin with a thorough review of Latin America's successes and failures with "big policymaking ideas" from import-substitution industrialization, to the Washington Consensus, to a post-neoliberal emphasis on 'growth with equity.' Students will also compare and contrast country cases of development throughout the region over time, from market-oriented strategies in Chile and Mexico and heterodox experiments in Argentina and Brazil to today's export-oriented commodity boom models in the Southern Cone and a new breed of leftist politics in Venezuela and Bolivia.

Prerequisites: EC 1011 and EC 1012 or their equivalents are *prerequisites* for this course. Students requesting an exception should see the instructor upon entering the class.

Structure: Students are expected to attend all class sessions and complete the assigned readings before class. This course will be run as frequently as possible in *seminar format*, and class discussions will require a thorough understanding of the readings. Hence, *pro-active intellectual engagement* is essential. It is important to think critically and deeply about these issues, and challenge one another by discussing the subject matter. *Be prepared to work hard and learn a lot!*

Learning Objectives:

- Survey the state of the contemporary literature on the political economy of Latin America.
- Gain substantive knowledge about the history of economic development, including the success and failures of various development models both within Latin America and beyond its borders.
- Critically compare and contrast specific country cases of development.
- Build an understanding of substantive issues of the politics of economic crisis and reform, including the debt crisis, trade liberalization, privatization, direct foreign investment, financial reform, and currency crises across the region.

Class Policies:

Please respect the following policies, which are intended to ensure that everyone in this class has an interesting and enjoyable learning experience:

Attendance: Students are expected to attend *all class sessions* unless documentation is given excusing an absence for medical, religious or personal reasons, or for official university business. Students must notify the instructor as soon as possible (preferably in advance) of the reason for the absence. Please come to class on time.

Participation: Class participation is *strongly* encouraged. In order to foster an environment of constructive participation, discussions will require a thorough understanding of the assigned readings. Reading the assignments in advance of class and being ready to engage in the subject are essential! Finally, you should also use the seminar format as opportunities to enhance your *communication skills*: you should aim to build logical arguments, with sound evidence, and explicit consideration of alternative perspectives.

Late Work: Late assignments will lose one third of a full grade (e.g., from an A to a A-, to B+ etc.) for each day after the deadline. There are only two exceptions to the late-assignment policy: illness or family emergency. If either of these circumstances applies, you must provide written documentation (such as a doctor's note if you are ill), and you must communicate with me before the assignment is due (i.e., emailing me on the morning the assignment is due and saying you are sick is not acceptable for avoiding a penalty). I am willing to accommodate documented requests, but you must communicate with me before the assignment is due.

Blackboard

This course will use the Blackboard system. Many readings and announcements will be posted on Blackboard (for readings, see "Electronic Reserves"). I strongly encourage you to make sure you have access to and are familiar with the Blackboard system as soon as possible. *I may adjust the readings as necessary – you are responsible for any changes to the readings.*

Cell Phones and related devices: Before you enter the classroom, turn off all cell phones, pagers, blackberries, and other devices!

Email: If you have lengthy questions or comments about the course, I encourage you to come talk to me in person. In addition to regular office hours, I am happy to set up appointments to meet with you. Please keep email communications brief.

Laptops: You are welcome to bring a laptop to class, but the volume must be set to “mute.”

Academic Integrity

I expect full compliance with the GW Code of Academic Integrity, which states in part: “Academic dishonesty is defined as cheating of any kind, including misrepresenting one’s own work, taking credit for the work of others without crediting them and without appropriate authorization, and the fabrication of information.”

For the remainder of the code, see: <http://www.gwu.edu/~ntegrity/code.html>. If you are unsure about any aspect of this policy the Writing Center (<http://www.gwu.edu/~gwriter/>) can provide assistance on citation or other aspects of writing papers. Claiming ignorance about how or when to cite sources is not an excuse for academic dishonesty.

Policy on Religious Holidays

You should notify me during the first week of the semester of your intention to be absent from class on a day(s) of religious observance. If an assignment falls on a day you will be observing a religious holiday, we will work together to find an alternative time to complete the assignment. Please communicate with me about holidays in advance of the original due date. I do not intend to observe any religious holidays.

Course Requirements:

Class Format:

Exams: The midterm exam will be an in-class exam consisting of essay and short answer/identification sections. It will be based on the readings and seminar discussions and lectures. The final exam will be like the mid-term, but with more emphasis on essays than identifications.

- **Class Participation (20%)**
- **Midterm Exam (30%)**
- **Policy Briefing (15%)**
- **Final Exam (35%)**

Policy Briefings: Students will work in small groups preparing a policy briefing based on a development case study from the Harvard Business School, entitled *Brazil’s Enigma: Sustaining Long-Term Growth*. Student groups will prepare a *two-page policy briefing* offering a recommended course of action for the case study, due in class on **November 12th** (further details will follow in Blackboard during the course of the semester).

Finally, copies of *short current articles* will occasionally be distributed in class. You are encouraged to read these articles and follow the major topics of the course in the news: *The Economist*, the *New York Times*, the *Washington Post Weekly*, and the *Financial Times* are good sources. This exercise is intended to both keep you abreast of current Latin American economic affairs and spur classroom discussion.

All examinations are to be completed in conformance with the George Washington University Code of Academic Integrity outlined above.

Missed Exams: Unexcused absences on exam day result in an automatic F. Make-up exams will be given in only the most extraordinary and well-documented circumstances.

Cheating: Zero tolerance policy. Anyone caught cheating automatically fails the assignment and faces academic discipline in accordance with the University's Code of Academic Conduct. It is your responsibility to be aware of the rules and to abide by them.

Required Texts:

- Franko, Patrice. (2007) *The Puzzle of Latin American Economic Development*, 3rd edition, (Lanham, MD: Rowman and Littlefield Publishers). ISBN 978-0742553538.
- Frieden, Jeffrey, Manuel Pastor, Jr., and Michael Tomz (FPT), eds. 2000. *Modern Political Economy and Latin America: Theory and Policy*. Boulder: Westview Press. ISBN 978-0813324180.
- Kaplan, Stephen B. (2013) *Globalization and Austerity Politics in Latin America*. Cambridge University Press. ISBN: 9781107670761.
- Roett, Riordan and Guadalupe Paz. (2008). *China's Expansion into the Western Hemisphere: Implications for Latin America and the United States*. Washington D.C. Brookings Press.

Topics and Reading Assignments:

September 3rd: Class overview

Franko, Patrice. (2007). *The Puzzle of Latin American Economic Development*, Chapters 1-2.

September 10th: Development: A Bird's-Eye View

Kaplan, Stephen (2013). *Globalization and Austerity Politics in Latin America*. Chapter 1 and 8.

Sen, Amartya. (2002). *Development as Freedom*. Chapters 1-2.

September 17th: Import-substitution industrialization (ISI)

Franko, Patrice. (2007). *The Puzzle of Latin American Economic Development*, Chapter 3.

Frieden, Jeffrey, Manuel Pastor, Jr., and Michael Tomz (2000). *Modern Political Economy and Latin America: Theory and Policy*. Chapter 16-17.

Rodrik, Dani. (1995). Getting interventions right: how South Korea and Taiwan grew rich. *Economic Policy*, 10(1): 55-107.

September 24th: Heterodox vs. Orthodox Policies (Remedies to Inflation and Debt Crises)

Franko, Patrice. (2007). *The Puzzle of Latin American Economic Development*, Chapters 4-5.

Frieden, Jeffrey, Manuel Pastor, Jr., and Michael Tomz (2000). *Modern Political Economy and Latin America: Theory and Policy*. Chapter 3 and 22.

Fishlow, A. (1990). "The Latin American State," *The Journal of Economic Perspectives* 4(3): pp. 61-73.

Kaplan, Stephen (2013). *Globalization and Austerity Politics in Latin America*. pp. 49-59.

Ocampo, J.A., (2004). "Latin America's Growth and Equity Frustrations during Structural Reforms," *Journal of Economic Perspectives* 18(2): 67-88.

October 1st: The Politics of Economic Reform I—Market Reforms in the 1990s

Franko, Patrice. (2007). *The Puzzle of Latin American Economic Development*, Chapter 6.

Kaplan, Stephen (2013). *Globalization and Austerity Politics in Latin America*. pp. 190-232.

Naim, Moises (2000). Washington Consensus or Washington Confusion? *Foreign Policy* (118): 86-103.

Teichman, Judith. 2004. "The World Bank and Policy Reform in Mexico and Argentina." *Latin American Politics and Society* 46(1): 39-74.

Additional Readings

Weyland, K. (1998). "Swallowing the Bitter Pill: Sources of Popular Support for Neoliberal Reforms in Latin America," *Comparative Political Studies*. 31(5): 539-568.

October 8th: The Politics of Economic Reform II—From Debt Default to Emerging Markets

Franko, Patrice. (2007). *The Puzzle of Latin American Economic Development*, Chapter 7.

Frieden, Jeffrey, Manuel Pastor, Jr., and Michael Tomz (2000). *Modern Political Economy and Latin America: Theory and Policy*. Chapter 23 and 29.

Kaplan, Stephen (2013). *Globalization and Austerity Politics in Latin America*. pp. 36-44; 163-170.

W. Max Corden. (2009). "The World Credit Crisis: Understanding It, and What to Do," *World Economy* 32 (2009): 385-400.

October 15th: Currency Crises and Financial Meltdowns—Country Cases

Ferreira, Afonso and Giuseppe Tullio. 2002. "The Brazilian Exchange Rate Crisis of January 1999." *Journal of Latin American Studies* 34(1): 143-6

Kaplan, Stephen (2013). *Globalization and Austerity Politics in Latin America*. pp. 254-76.

Manuel Pastor and Carol Wise. 2001. "Argentina: From Poster Child to Basket Case," *Foreign Affairs* (November-December): 60-72.

Sachs, J., Tornell, A., and Velasco, A., "The Mexican Peso Crisis: Sudden Death or Death Foretold?" *Journal of International Economics* 41 (1996), pp. 265-283.

Additional Readings:

Galiani, S., Heymann, D., and Tommasi, M. (2003). "Great Expectations and Hard Times: The Argentine Convertibility Plan" *Economía* 3(2): pp. 109-144.

October 22nd: Income Distribution and Poverty

Franko, Patrice. (2007). *The Puzzle of Latin American Economic Development*, Chapters 10-11.

Frieden, Jeffrey, Manuel Pastor, Jr., and Michael Tomz (2000). *Modern Political Economy and Latin America: Theory and Policy*. Chapters 31 and 32.

October 29th: ** Mid-term Examination **

November 5th: Social Policies in Latin America—Country Cases

Hojman, David E. 1996. "Poverty and Inequality in Chile: Are Democratic Politics and Neoliberal Economics Good for You?" *Journal of Interamerican Studies and World Affairs* 38(2): 73-96

Manuel Pastor and Carol Wise. (2004). "Picking Up the Pieces: Comparing the Social Impact of Financial Crisis in Mexico and Argentina." *Center for International Studies, University of Southern California*, pgs 1-40.

Roberts, Kenneth. (2002). "Social Inequalities Without Class Cleavages in Latin America's Neoliberal Era." *Studies in Comparative International Development* 36:4 (Winter): 3-33.

Skidmore, Thomas E. 2004. "Brazil's Persistent Income Inequality: Lessons from History." *Latin American Politics and Society* 46(2): 133-50.

"Happy Families," *The Economist*, February 9, 2008.

November 12th: Post-Washington Consensus: Growth with Equity

****POLICY BRIEFING DUE IN CLASS - Brazil's Enigma: Sustaining Long-Term Growth ****

Franko, Patrice. (2007). *The Puzzle of Latin American Economic Development*, Chapter 15.

Fraga, A. (2004). "Latin America since the 1990s: Rising from the Sickbed?" *Journal of Economic Perspectives* (18)2: 89-106.

Rodrik, D. (2006). "Goodbye Washington Consensus, Hello Washington Confusion?" *Journal of Economic Literature*, 44: 973-987.

Time for Equality: Closing Gaps, Opening Trails. (2010) United Nation's Economic Commission for Latin America: 1-46.

November 19th: A New Breed of Leftist Politics?

Casteneda, Jorge. "Latin America's Left Turn," *Foreign Affairs*, 85(3).

Corrales, Javier (2006). The Many Lefts in Latin America. *Foreign Policy*. (November/December 2006): 44-45.

Kaplan, Stephen (2013). *Globalization and Austerity Politics in Latin America*. pp. 143-158.

Roberts, Ken and Levitsky, Steve. Eds. (2011). Introduction. *The Resurgence of the Latin American Left*, Johns Hopkins University Press.

Weyland, Kurt. (2009). "The Rise of Latin America's Two Lefts: Insights from the Rentier State Theory." *Comparative Politics* 41:2 (January).

Additional Readings:

Corrales, Javier (2009). For Chávez, Still More Discontent. *Current History* 108 715 (Feb.): 77-82.

November 26th: China's Expansion into Latin American Markets: The View from Beijing

Riordan Roett and Guadalupe Paz. 2008. "Introduction: Assessing the Implications of China's Growing Presence in the Western Hemisphere." In *China's Expansion into the Western Hemisphere: Implications for Latin America and the United States*, edited by Riordan Roett and Guadalupe Paz (Washington, DC: Brookings Institution Press), pp. 1-23.

Jiang Shixue. 2008. "The Chinese Foreign Policy Perspective." In *China's Expansion into the Western Hemisphere: Implications for Latin America and the United States*, pp. 27-43.

Xiang Lanxin. 2008. "An Alternative Chinese View." In *China's Expansion into the Western Hemisphere: Implications for Latin America and the United States*, pp. 44-58.

December 3rd: China's Expansion into Latin American Markets: The Latin American Angle

Robert Devlin. 2008. "China's Economic Rise." In *China's Expansion into the Western Hemisphere*, pp. 111-147.

Francisco E. Gonzalez. 2008. "Latin America in the Economic Equation---Winners and Losers. What Can Losers Do?" In *China's Expansion into the Western Hemisphere*, pp. 148-169.

Barbara Stallings. 2008. "The U.S.-China-Latin America Triangle: Implications for the Future." In *China's Expansion into the Western Hemisphere*, pp. 239-259.

Juan Gabriel Tokatlian. 2008. "A View from Latin America." In *China's Expansion into the Western Hemisphere*, pp. 59-89.

FINAL EXAM: **TBA **