ECON 185. Economic Development of Latin America
Spring 2007
Prof. Jorge Vega

Course Objective:
The objective of the course is to analyze the economic development process of Latin American countries since independence to the present, with an emphasis on the last 30 years. It first presents an overview of three main historical episodes: the export led model, the import substitution strategy, and the structural reforms introduced after the debt crisis. Then, it focuses on contemporary issues closely related to the region, such as poverty and inequality, foreign trade policies, and macroeconomic stability. The course ends with a discussion of some of the most important prescriptions being currently offered for securing the development process of Latin America in a global economy. Case country studies will be presented along the course in order to understand the practical difficulties that some Latin American countries face when trying to overcome economic underdevelopment.

Grading:
Mid term exam: 35%
Final exam: 35%
Paper: 30%

Reading Material:

Course Outline and Reading List:

Part I: A general overview.

1. Introduction: Basic definitions on economic growth and economic development.
   - The nature of economic development.
   - The objectives of development.

2. The sources of growth and development: review of theories and strategies of economic development.


4. An overview of Latin American economic development process.

- Export led growth.
- Inward looking development.
- Structural reforms and macroeconomic stabilization.


Part II: Leading issues in the economic development of Latin America

5. Foreign trade and economic development.

- Trade liberalization policies.
- Regional economic integration.


6. Poverty and inequality in Latin America.

- The World Bank (2003). *Inequality in Latin America and the Caribbean: Breaking with History?*. Chapters 1, 2 and 3.

7. Fiscal constraints for development.


8. Macroeconomic adjustment and stabilization.

- The financial system.
- Monetary policy and exchange rate regimes.


9. Education and training.

- The World Bank (2003). *Closing the Gap in Education and Technology*. Chapters 1, 2, 4 and 5.
10. Institutions for economic development.


11. Decentralization and the role of the state.

- The World Bank (1999). *Beyond The Center: Decentralizing the State*. 