Syllabus and Readings for Economic Analysis of Latin America  
Econ 412  
Fall 2010

1. Administrative Details

   Course meets: TTh 10:20-11:40 in 209 Berkey Hall  
   Instructor: Laura Schechter  
   Office: 210E Marshall-Adams Hall  
   E-mail: las@msu.edu  
   Office Hours: M 4:00-5:00 and F 10:00-11:00  
   Website: http://www.msu.edu/~las/EC412/EC412.html and on Angel.

2. Course Description

   Economic theory and historical accounts are combined in an attempt to understand the various  
   forces that have shaped economic development in Latin America. The first half of the course  
   looks at historic and macroeconomic issues. We will discuss development policies including the  
   import-substituting industrialization policies of the 1950s-1970s, the market-oriented reforms of  
   the 1980s, and the present. The second half of the course will look at microeconomic issues such  
   as poverty, inequality, education, and corruption. Not every topic fits neatly into the macro/micro  
   breakdown of the course, and the macro discussions will be informed by micro fundamentals  
   while the micro discussions will be informed by macro issues.

3. Prerequisites

   Prerequisites include one introductory course in macroeconomics (EC 202 or EC 252H) and one  
   introductory course in microeconomics (EC 251H or EC 301) or a solid background in economic  
   issues from other “development” oriented courses. Economic models are frequently used to  
   provide a coherent explanation for the issues. On the other hand, these models should not be a  
   major barrier to participation or successful achievement for students in this course.

4. Course Requirements

   The distribution of points for the semester will be as follows:
   
<table>
<thead>
<tr>
<th>Assignment Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 Homework Assignments</td>
<td>32%</td>
</tr>
<tr>
<td>3 Reading Reaction Papers</td>
<td>12%</td>
</tr>
<tr>
<td>Midterm Exam</td>
<td>28%</td>
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<tr>
<td>Final Exam (not cumulative)</td>
<td>28%</td>
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   A. Homework Assignments

   Homework assignments will include a variety of written and numerical exercises. Assignments  
   will be handed out a week to a week and a half before they are due. Assignments are due at the  
   beginning of class on the day they are due. Late homework assignments will be accepted but will  
   lose 20% credit for each day they are late. This means they lose 20% the first day late, 40% if two  
   days late, 60% if three days late, 80% if four days late, and will receive no credit if handed in  
   five or more days late. The homework assignments will be due September 23rd, Oct 7th, Nov 9th, and Nov 30th.
B. Reading Reaction Papers

Throughout the semester you will choose three of the readings about which to write a reaction paper. You cannot choose to write about a chapter in the textbook, nor can you choose to write about one of the short articles from The Economist. There are over 20 such readings throughout the semester from which to choose. Your reaction paper is due at the beginning of class on the day we are discussing that article (the date in brackets next to the title of the reading in the list below). Reaction papers handed in after that time will not be accepted.

The reaction papers should be two pages, double-spaced, with 12 point Times New Roman font. They should be well-organized and carefully written. The reaction papers will be graded according to how seriously you engage a reading and the rigor and clarity of your argument. You will not be graded on whether you are "right" or "wrong," or whether you agree with my opinion on the issue. Around half of the reaction paper should summarize the authors' main point. The rest of the paper should be dedicated to your reaction to the reading.

Some questions you may want to look at are: Did you agree or disagree with the reading? Did you find any flaws in the authors' reasoning? What was the most interesting part of the reading for you? Did the reading make you rethink your opinion on the issue? How does the reading compare with readings you had in another class or other readings in this class? Are there other related issues or questions you would like to discuss in class? You do not have to answer all or any of these specific questions. I just put them here to get you thinking about what types of things you may want to discuss. I may mention points that you bring up in your reaction papers for others to learn from and discuss and hope that these papers will be useful for the entire class.

C. Exams

The following dates for the mid-term and final exams have been set:
- Mid-term: In class on Thursday, Oct 14th from 10:20-11:40.
- Final: Tuesday, December 14th from 10:00-12:00.

5. Required Texts


All other readings can be found in the Content tab of the Angel website.

6. Important Things to Note

Homework must be handed in at the beginning of class on the day they are due. Late homework assignments will be accepted but will lose 20% credit for each day they are late. You may work with other students on the problem sets, but the written answers must be in your own words. If you copy someone else's answer, that is cheating and you will both get half credit (for each doing half the work).

There are no scheduled make-up exams. Students who miss a midterm and who have an excuse meeting University standards will be required to complete an additional assignment. If it is completed acceptably, they will have the final exam weighted proportionately more. Excuses
must be approved within 24 hours of the scheduled exam. If you cannot take the final at the scheduled time, do not take this course!

Cheating and plagiarism will not be tolerated. If you are caught cheating or plagiarizing, you will get a 0 on the assignment and appropriate University Conduct Code sanctions will be taken against you.

If you require special accommodations for exams due to learning or other disability, you must speak with me before September 21st. You will need to obtain the evaluation form from the Resource Center for Persons with Disabilities (http://www.rcpd.msu.edu/Services/Register).

7. Course Outline and Readings

I expect you to have done the reading before class on the bold date in brackets to the left of the reading. There is usually one reading per day of class unless the reading is very short or very interesting. Remember that if you are going to hand in a reaction paper on one of the readings you must hand it in at the beginning of class on the day in bold in brackets for that reading.

I. Macroeconomic Issues

A. Historical Legacies (Sept 2, 7, 9)


B. Import Substitution Industrialization (Sept 14, 16, 21)

[Sept 14] FRANKO: Chapter 3


C. Debt Crisis and Inflation (Sept 23, 28)

[Sept 23] FRANKO: Chapter 4

[Sept 28] FRANKO: Chapter 5
D. **Privatization (Sept 30)**


E. **Capital Flows (Oct 5, 7)**

[Oct 5] **FRANKO:** Chapter 7


F. **The Washington Consensus and Beyond (Oct 12)**


** EXAM 1, IN CLASS (Oct 14) on macroeconomic half of class.**

II. Microeconomic Issues

A. **Free Trade and Trade Blocs (Oct 19, 21)**

[Oct 19] **FRANKO:** Chapter 8


B. **Poverty and Inequality (Oct 26, 28)**

[Oct 26] **FRANKO:** Chapter 11


C. Discrimination and Crime (Nov 2, 4)


D. Microfinance (Nov 9, 11)


E. Trust and Social Capital (Nov 16, 18)


F. Property Rights and Corruption (Nov 23, 30)


G. Health, Education, and Conditional Cash Transfers (Dec 2, 7, 9)


[Dec 7] FRANKO: Chapter 13


