

**NS 4540: Political Economy of Development in Latin America
Fall 2001**

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Course Purpose

This class focuses on the relationship between politics and economics in Latin America's development. Although we will pay some attention to the early phases of development, this course mostly explores the economic and political transformation associated with the 1982 debt crisis and the decades that followed.

Adjusting to the demands of the 1980s debt crisis forced Latin American states to abandon state-led development and adopt free trade and free market policies. At the same time, Latin America underwent a remarkable wave of democratization that included all of the countries in the hemisphere (*pace* Cuba) at its crest. However, volatile capital flows, macroeconomic instability, and distribution issues continue to haunt Latin America, leading to 'hollow' democracies and the rising influence of nationalist and illiberal political forces.

In this class, we will first establish a framework for understanding the role of politics in economic development (and vice versa.) We will then seek to understand the impact of the international economic environment on Latin American politics and development. We will then focus on the relationship between poverty, wealth and violence in Latin America, and we will conclude by examining the interaction between democratization and economic liberalization.

Course Requirements and Evaluation:

Each student will be expected to write two 5-6 page summary and analysis paper during the course. This paper will deal with the readings of a single week of the class. This paper will be shared with your class mates. You will also be expected to write one 15 page paper using the method of analysis described by Frieden and Geddes in the readings assigned during the first week of the course. The topic of this paper will be developed in conjunction with the instructor of the course.

Furthermore, every week may begin with an analysis of current news events in Latin America. For this reason, all students should either subscribe to the New York Times or an on-line news service.

Grades will be weighted as follows:

Class Participation:	20%
Summary and analysis papers:	30%
Term paper:	50%

Course Materials:

The following books are available through the Naval Exchange bookstore. They may also be found at Dudley Knox Library. Please note that most of these are edited volumes, so not all chapters in each book will be used during this course.

Frieden, Jefferey, Manuel Pastor and Tomz, eds. Modern Political Economy and Latin America, Westview Press, 2000.

Karl, Terry L. The Paradox of Plenty, University of California Press, 1997.

Gwynne, Robert and Cristobal Kay, eds. Latin America Transformed, Arnold and Oxford University Press, 1999.

Sheahan, John, Patterns of Development in Latin America, Princeton University Press, 1987.

Paige, Jefferey, Coffee and Power, Harvard, 1998.

Thorpe, Rosemary, Progress, Poverty and Exclusion, IDB/Johns Hopkins University Press, 1998.

Readings marked with a * on the schedule will be distributed in class the week before. All readings available via the web must be accessed from within the NPS web domain, which means that you can download them either at one of the computer labs or through the NPS dial-in service.

SCHEDULE

PART I: Introduction to the Political Economy of Development in Latin America

WEEK ONE What is Political Economy?

Frieden, Pastor and Tomz, eds. "Introduction," and "Method of Analysis: Modern Political Economy," in Modern Political Economy and Latin America, Westview Press, 2000, xi-xix and 37-43.

Geddes, Barbara, "Uses and Limitations of Rational Choice," in Frieden, Pastor and Tomz, eds. Modern Political Economy and Latin America, Westview Press, 2000, 81-92.

Gwynne and Kay, eds. Latin America Transformed, Arnold and Oxford University Press, 1999, chapter one.

WEEK TWO Theories and Practices of Development in Latin America

Thorpe, Rosemary, Progress, Poverty and Exclusion, IDB/Johns Hopkins University Press, 1998, chapters 3-6.

Silva, Eduardo, "Authoritarianism, Democracy and Development," in Gwynne and Kay, eds. Latin America Transformed, Arnold and Oxford University Press, 1999.

Veronica Montecinos and John Markoff, "From the Power of Economic Ideas to the Power of Economists," in The Other Mirror: Grand Theory through the Lens of Latin America, Centeno and Lopez-Alves, eds. Princeton University Press, 2001.

Suggested Additional Readings:

Thorpe, Rosemary, Progress, Poverty and Exclusion, IDB/Johns Hopkins University Press, 1998, chapters 1-2.

Arndt, H.W., "The Origins of Structuralism," and Krueger, Anne, "Government Failures in Development," in Frieden, Pastor and Tomz, eds. Modern Political Economy and Latin America, Westview Press, 2000, 5-17.

WEEK THREE Political Economy of Twentieth Century Latin America

Sheahan, John, Patterns of Development in Latin America, Princeton, 1987, TBD.

WEEK FOUR Contemporary Politics and Economics in Latin America

Williamson, John, "What Washington Means by Policy Reform,"

Rodrik, Dani, "Understanding Economic Policy Reform," in Frieden, Pastor and Tomz, eds. Modern Political Economy and Latin America, Westview Press, 2000, 59-70.

Haggard, Stephan, and Steven Webb, "What do we know about the Political Economy of Economic Policy Reform," in Frieden, Pastor and Tomz, eds. Modern Political Economy and Latin America, Westview Press, 2000, 71-80.

Gwynne and Kay, eds. Latin America Transformed, Arnold and Oxford University Press, 1999, chapters four and five.

WEEK FIVE Trade, Investment, and Development in Latin America

Sachs, Jeffrey, "External Debt and Macroeconomic Performance in Latin America and East Asia," in Frieden, Pastor and Tomz, eds. Modern Political Economy and Latin America, Westview Press, 2000, 209-216.

Haggard, Stephen, "The Political Economy of Foreign Direct Investment in Latin America," in Frieden, Pastor and Tomz, eds. Modern Political Economy and Latin America, Westview Press, 2000, 229-234.

Dornbusch, Rudiger, "The Case for Trade Liberalization in Developing Countries," in Frieden, Pastor and Tomz, eds. Modern Political Economy and Latin America, Westview Press, 2000, 173-177.

Thorpe, Rosemary, Progress, Poverty and Exclusion, IDB/Johns Hopkins University Press, 1998, chapters seven and eight.

PART TWO: Topics in Latin American Political Economy

WEEK SIX Political Economy of Political Power

Paige, Jefferey, Coffee and Power, Harvard, 1998. (all)

WEEK SEVEN Rentier States and the Curse of Abundance

Terry L. Karl, The Paradox of Plenty, University of California Press, 1997, all.

WEEK EIGHT Political Economy of Democratization and Reform

Haggard, Stephan, and Robert R. Kaufman, "The Political Economy of Democratic Transitions," in Lisa Anderson, Transitions to Democracy,
<https://www.cc.columbia.edu/sec/dlc/ciao/book/anderson/anderson04.html>

*Remmer, Karen, "The Political Impact of Economic Crisis in Latin America in the 1980s," APSR 85.3 (September 1991): 777-800.

Haggard, Stephan, "Democratic Institutions, Economic Policy and Development," in Frieden, Pastor and Tomz, eds. Modern Political Economy and Latin America, Westview Press, 2000, 247-260.

Boylan, Delia, "Preemptive Strike: Central Bank Reform in Chile's Transition from Authoritarian Rule," in Frieden, Pastor and Tomz, eds. Modern Political Economy and Latin America, Westview Press, 2000, 276-284.

WEEK NINE Political Economy of Regional Integration

Meyer, Frederick W. Interpreting NAFTA: The Science and Art of Political Analysis, Columbia University Press, 1998, chapter 2, 4 & 8 (access and web URLs below).
<http://www.ciaonet.org/book/mayer/mayer02.html>
<http://www.ciaonet.org/book/mayer/mayer04.html>
<http://www.ciaonet.org/book/mayer/mayer08.html>

Pastor, Manuel and Carol Wise, "The Origins of Mexico's Free Trade Policy," in Frieden, Pastor and Tomz, eds. Modern Political Economy and Latin America, Westview Press, 2000, 178-185.

Manzetti, Luigi, "The Political Economy of MERCOSUR," in Frieden, Pastor and Tomz, eds. Modern Political Economy and Latin America, Westview Press, 2000, 186-192.

WEEK TEN The Future?: Resistance and Accomodation to Economic Reform

Gwynne and Kay, eds. Latin America Transformed, Arnold and Oxford University Press, 1999, chapters eleven and twelve.

*Weyland, Kurt, "Neopopulism and Market Reform in Argentina, Brazil, Peru and Venezuela," paper prepared for LASA 2000.