DESCRIPTION: The course focuses on three main aspects: the understanding of macroeconomic policies directed toward stabilizing the Latin American economies; the consideration of the microeconomic structure particular to these nations; and how these countries have undertaken trade activities within the region and with the rest of the world.


OBJECTIVE: This course is aimed at providing students with an understanding of the complexities and challenges faced by Latin American economies. Upon completion of this course, students will:

1. Be able to identify general economic, social and political characteristics of Latin American countries (General Education learning outcome G.1).
2. Identify and understand Latin American countries’ interconnection with other countries and/or regions related to economic issues, in particular trade and exchange rates (General Education learning outcome G.2).
3. Understand the impact of culture, values and ethics on the economic characteristics and development of Latin American countries (General Education learning outcome H.1).
4. Demonstrate ability to critically analyze economic characteristics of Latin American countries, such as the patterns of output growth, rate of unemployment, inflation, exchange rates, trade, and infrastructure reforms (General Education learning outcome H.2).


REFERENCE BOOKS:
WEB LINKS:
1. 2007 Latin American Business Report, Terry McCoy  
2. The Federation of International Trade Associations:  
   http://fita.org/countries/la.html
3. “A decade of structural reforms in Latin America; what has been reformed and how to measure it”, Lora,  
4. Economic Commission for Latin America and the Caribbean (United Nations- ECLAC portal):  
   http://www.eclac.cl/default.asp?idioma=IN
5. Latin American and Caribbean basic economic indicators  
   http://www.eclac.org/publicaciones/xml/3/27543/lcg2327_i_Statistical_Appendix.pdf
7. The Peterson Institute for international economics: http://www.iie.com/
8. The CIA world fact book:  
10. The Inter-American Development Bank:  
    http://www.iadb.org/

CLASS FORMAT:

Attendance:  I expect the class to be highly interactive. The material needs to be read in advance so you  
are familiar with the topic we will cover and be able to participate in class discussions. We will build upon basic  
economic concepts throughout the course. Our ability to analyze a country case is constrained by our  
understanding of these concepts. Additionally, class discussions may bring into light aspects that contribute to  
a better understanding of the country case project. Therefore, I strongly recommend your regular attendance.

Student Evaluation: The evaluation for this course will be based on a weighted average of two exams, a  
project and student participation in class. The details of the project are described below. From the evaluation  
point of view, the project has three aspects: a midterm status report, a final report and an in class presentation  
of the project. Participation in class has two aspects for evaluation purposes: your share of contribution to  
discussions in class, and your bringing to the class some Latin American news. The description of this activity is  
below. Your final grade will base on the following scheme:

<table>
<thead>
<tr>
<th>Exam 1</th>
<th>Exam 2 (comprehensive)</th>
<th>Project midterm report</th>
<th>Project final report</th>
<th>Project presentation</th>
<th>In class participation and Latin-American news</th>
</tr>
</thead>
<tbody>
<tr>
<td>25%</td>
<td>25%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Total 100%

Final letter grade:

|---------------|-------------|-------------|--------------|
**Cell phone, calculators & laptop use:** Please, keep your cell phones turned OFF during class! In case your cell phone goes ON during any test or presentation, 2 points will be subtracted from your exam or project score. Also, I very much appreciate if your laptop is OFF during lectures. I’ll post class slides to make your taking notes task easier. Laptops are not allowed during exams. Allowed calculators are NON-PROGRAMMABLE.

**Blackboard:** I use the Blackboard and e-mail to communicate with the students. Notes related to the lectures, and projects will be posted on the class Blackboard site ([https://my.usf.edu/](https://my.usf.edu/)). If you are not familiar with this software or have not access to a computer, let me know at the beginning of the semester so I can arrange a way to provide you with class material.

**E-Mail Forwarding** (Skip this if you use your USF e-mail account.): If you do not use your USF e-mail account, go to: [http://www.acomp.usf.edu/help/netid/forward_mail.html](http://www.acomp.usf.edu/help/netid/forward_mail.html) and follow the instructions to forward your e-mail to the account you do use.

Unfortunately, there is no possibility for makeup tests in this class. If you cannot take one of the tests because of travel or any other motive for which you can bring a support - such as a plane ticket, a Doctor’s note, a police ticket among others - I will make arrangements for you to take the test in a different date. The sooner I know about your plans, the better.

**COUNTRY CASE PROJECT:**

**Introduction:** The project is intended to provide students with experience in analyzing a concrete economic issue related to one Latin American country. The course is designed to provide the framework and elements necessary for students to perform this analysis. The distribution of topics along the course schedule is intended to provide a progressive/building up knowledge for the student to undertake this task. The text book, reference books and web-links also provide a good source of information for the project.

**Project Framework:** “The Economic Commission for Latin America & the Caribbean” (ECLAC), which is headquartered in Santiago, Chile, is one of the five regional commissions of the United Nations. ECLAC was founded with the purpose of contributing to the economic development of Latin America, coordinating actions directed towards this end, and reinforcing economic ties among countries and with other nations of the world” (from ECLAC website).

Hosted by the Dominican Republic, the ECLAC held a regional seminar, *The emerging global financial order: A regional perspective*, on November 22-23, 2008 with the objective to call on international financial institutions and countries to implement counter-cyclical economic policies to better address the effects of today's international financial crisis.

**Project Objective:** Joining interests and expertise, the ECLAC and the World Bank have designated their “best economists” to work on a task force initiative with the objective of analyzing each of the Latin American countries economy under the perspective of the emerging global financial and economic order. The task force is required to present an “economic report” which will provide details on the actual economic situation of each country, and will identify the conflicts, coincidences, strengths and weakness of these economies in facing current global economic and financial challenges. The report should provide economic policy guidelines or suggestions to each nation. The results will be presented to the “economic council” of the ECLAC and the World Bank.
ECLAC Task Force: The task force is comprised of teams of students. Each team will be comprised of 2 to 4 students’ teams, with exceptions allowed. Each team should select a Latin American country to perform the analysis. Because there are several definitions for a country to be “Latin American”, I suggest the teams consider the following list: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, and Venezuela. The sooner the team gets set up the better – the deadline for identifying a team is January 28.

Project Midterm Report: This report is intended to show the team “progress” on the project, so I can provide feedback on the teams’ work. The team should turn in this report by the due date, not one or two days after, not next class. I expect this report to contain at least points 3 and 4 from the ones listed below.

Project Final Report: This report should be a document that is useful to economic professionals in the selected nation (i.e. to those developing, implementing or evaluating economic policy). The final report does not need to provide “the” solution to identified problems; rather it should point out the implications of any proposed alternative actions. The expected length of the report: minimum 15 pages for small groups, 20 pages for larger groups. I suggest a font size 10 or 11, and 1.5 line space paragraph formats. More pages or a bigger font will not mean a higher grade. Basic aspects to be included in the report are the following (I’ll explain each of these points in our first meeting):

1. Abstract (1 paragraph).
2. Executive summary (1 page).
3. Country background: describe political and social characteristics of the country. Identify and be specific about significant issues regarding these aspects. Include any historical events of relevance.
4. Describe the economic characteristics of the country including: output, unemployment, inflation, exchange rate, and trade. Provide the country risk level and discuss its relationship to foreign investment (you will need to indicate level of foreign investment in the country). You need to include data to support your description. The web site of each country’s central bank usually has meaningful data. Given the previously described economic situation, identify conflicts, coincidences, strengths and weakness of the country’s economy. In this section try to answer the question: what makes this country different from an economic perspective? (you may base your answer on other countries within or outside Latin America.
5. a) Describe the current economic issues of relevance in the country (I’ll provide a list of issues in our first meeting to give you an idea). b) Describe how the current global economic-financial situation may have an impact on the country’s economy. Depending on the country, global issues may not have a significant effect if the country’s economy has issues of its own. This is why you will consider points a) AND/OR b) in this section.
6. Concluding observations: describe alternative actions, solutions, suggestions.
7. Include bibliography (all websites and sources of information should be included).

Project Presentation:
The audience: Each team will present the project results to the “economic council” of the ECLAC and the World Bank. This is a high level, professional presentation and you will need to dress up a bit.

The timing: The presentation should last 20 – 25 min and there will be 10 minutes for questions. The presentations will be scheduled during the classes after spring break. There will be three presentations per class. We will make up a presentation schedule as soon as we know the teams. Each team will be allowed to select its presentation day. Ties will be assessed using a random mechanism. Based on a class of 45 students and 13 to 15 teams, presentations will go as follows: Team 1 from 6pm to 6.45pm; Team 2 from 7pm to 7.45pm; Team 3
from 8pm to 8.45pm. Team numbers will be drawn randomly at the beginning of each class. This schedule may change depending on the final number of teams and students. Please, come to class 5-10 minutes earlier the day of presentation so you can upload the presentation and set up the computer.

**The format:** Assuming the use of a power-point slides presentation:
- Be as creative as possible → include pictures, movies, sound tracks or everything you believe will help a better understanding of your results.
- Consider the background of the slides not “too” dark and not “too” light. Consider the contrast of the background color and font color. Some of the countries’ flags are nice but not all will serve as a nice slide background. The font should be minimum size 20, best 24.
- You may follow the sequence of points already set for the main report as a guide for structuring this presentation; however, any variance to this is welcome.
- Power point presentations need to be turned in to me by presentation day.

**The grade:** I suggest that each member of the group have a time-slot to present and show his/her work share in the project. 5% out of the 15% value of the presentation is “individual evaluation”. At the end of each presentation, “the audience” will be asked to fill an evaluation form which will be collected and considered as the basis for the team presentation grade. A summary of the evaluations for each team will be posted on blackboard after each presentation. The evaluation form will be available a few weeks before presentations start so teams will know on which aspects they are going to be evaluated on.

**LATIN AMERICAN NEWS:** In every class students will be asked to deliver news related to any relevant economic current aspect going on in any Latin American countries -linked to class topics. I’m allocating 15 to 20 min at the end of each class before spring break for this activity. Each student will deliver news only once, so we will make up a schedule of classes and students reporters for the semester during our first meetings. You do not need to hand in anything before delivering the news, just bring with you the support (a print out or actual newspaper or magazine). At the beginning of your news report you should identify: 1) the country, 2) the issue; 3) the date and 4) the source of the news.

**UNIVERSITY/COLLEGE OF BUSINESS POLICY SECTION**

**Academic Dishonesty:** See USF Policy on Academic Dishonesty and Disruption of Academic Process at [www.ags.usf.edu/catalogs/0304/adadapt.htm](http://www.ags.usf.edu/catalogs/0304/adadapt.htm). Because of the University’s commitment to academic integrity, plagiarism or cheating on course work or on examinations will result in penalties that may include a grade of “F” for the specific exam or course work and a grade of “F” or “FF” for the course. Any incident of academic dishonesty will be reported to the dean of the college. Definitions and punishment guidelines for Plagiarism, Cheating, and Student Disruption of the Academic Process may be found at the web address listed above.

**Students with Disabilities:**
Please notify your instructor if you have a learning disability or require special assistance with this course. Confidential personal and learning assistance counseling are made available to students through the Division of Student Affairs. Contact R. Barry McDowell (mcdowell@stpt.usf.edu) for more information.

**Religious Holiday:**
If you must miss an examination due to a religious holiday (or any other reason), you must notify it during the first two weeks of class - Please, send me an e-mail so I can properly register it on my schedule.

**Copyrights:**
You should NOT sell class material to others. You do not have copyright protection on any written materials that you may hand-in in this course.
# COURSE WEEK-SCHEDULE - Tentative Outline

## Jan 7: Economic development and economic growth
- Distinguishing between growth and development
- Different perspectives in measuring economic growth
- Determinants of Average Labor Productivity
- Macroeconomic issues: unemployment & inflation
- Latin America - macroeconomic indicators, summary of statistics 2008
- Historical legacies
  Patrice Franko Chapters 1, 2 & 9; Sebastian Edwards Chapter 1

## Jan 14: Looking inward
- The import substitution period: performance & crisis
- Tools of protectionism: export subsidies, foreign exchange controls, quota and tariffs
  Patrice Franko Chapter 3; Sebastian Edwards Chapter 2

## Jan 21: Debt and distinct patterns of development
- Understanding debt terminology
- Overvaluation of exchange rates
- Oil shocks and debt crisis
- Case: Oil producers in Latin America
  Patrice Franko Chapter 4; Sebastian Edwards Chapter 3

## Jan 28 & Feb 4: Macroeconomic Stabilization
- Theories of inflation
- The exchange rate regime and inflation: dollarization, fixed rate and floating rate
- Case: Dollarization in Ecuador
- Case: The Peruvian economic crisis of early 1990s and the fixed exchange rate policy
- Case: Hyperinflation and recession in Bolivia
- Case: The convertibility plan in Argentina
  Patrice Franko Chapter 5; Sebastian Edwards Chapter 4

## Feb 11 & 18: Sources of capital, capital mobility and financing development - review for the test
- The role of Capital inflow
- Case: the Mexican Peso crisis
- Case: Regulating capital inflows in Chile
  Patrice Franko Chapter 7

## March 4: Microeconomic structural adjustment
- Government size, privatization and infrastructure
  Patrice Franko Chapters 6 & 9
  Sebastian Edwards Chapter 6; Kessides Chapter 1

## March 11 & 25: Globalization and its impact in the region – midterm project report due
- Trade liberalization and productivity growth
- Trading blocks in the region
- The role of real exchange rates in determining the success of trade reforms;
  Patrice Franko Chapter 7, 8, Sebastian Edwards Chapter 5

## Apr 1, 8, 15, and 22 are project presentation classes; Apr 29 - Final test