

Economics of Latin America

Bachelor Seminar. Winter Term 2024-25

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Office Hours: By appointment

1 General Information

1.1 Background

Latin America and the Caribbean is a region of strategic importance due to its rich cultural heritage, diverse socioeconomic landscapes, and integration into the global economy. With a population of approximately 650 million, the region's collective GDP stood at around \$6.3 trillion as of 2022.

As a crucial supplier of vital resources, such as minerals, energy, and food, Latin America and the Caribbean's role in the global economy is steadily increasing, especially amid current global challenges related to food and energy supplies. However, the region also faces numerous developmental needs in addressing common challenges, such as climate change, disaster risk reduction, health care vulnerabilities, and poverty, particularly for small island states.

Particularly due to these challenges, the region's potential for growth and its strategic role in international affairs make it a compelling area of study for students of sustainable development studies. By studying Latin America's economies, students can gain insights into the region's evolving trade links with different partners, the role of extractive industries, and the evolution of macroeconomic and social policies. This knowledge can serve as a valuable asset in understanding economic conditions, assessing policy effectiveness, and making informed decisions in a global context.

1.2 Objectives of the seminar

- Integrate theoretical knowledge from macroeconomics and economic policy classes with the analysis of economic and social policies in Latin America and the Caribbean to enhance critical thinking and application to real-world scenarios.
- Recognize the heterogeneity among economies in the region, including differences in economic development, social inequality, and global integration.
- Identify key constraints to economic development through case studies.
- Compare economic constraints in Latin America and the Caribbean with those in other global regions.
- Practice handling academic literature, properly citing sources, and writing a term paper in economics.
- Prepare students for writing a Bachelor's thesis by applying learned concepts to practical examples.

1.3 Recommended previous knowledge

B.WIWI-OPH.0008 Macroeconomics

B.WIWI-VWL.0002 Macroeconomics II

B.WIWI-VWL.0041 Introduction to Development Economics

1.4 Credit points

6 Credit points

1.5 Registration

Please register via FlexNow by **Thursday, 31 October 2024**. Attendance at the introductory meeting is compulsory for registration. The number of participants is restricted to 15. In addition, please send us the topic until **22.11.2024** by e-mail (acardoz@gwdg.de).

2 Course overview and topics for term papers

In the first part, the seminar presentations focus on the evolution of macroeconomic variables, assessing the role of the external sector and the government. The second part focuses on households and individuals, deepening on the role of labor markets, informality, and social policies. Finally, the last part examines climate change, its implications for the economy, and the implementation of policies to counteract its effects.

The seminar will have an introductory meeting to discuss the list of possible topics for term papers. In additional meetings before the seminar, students will present the outline of their paper and receive feedback from the lecturer also discussing questions on relevant literature. These meetings also serve to introduce the basics of how to write a term paper. In the main seminar in January, students will have 15 minutes to present their term papers. Additionally, each student has to discuss and give feedback to the presentation of another student (5 minutes).

Students are invited to select one of the topics listed below and propose a specific research question and an outline for a term paper. Suggested starting literature is listed below each topic.

I. Economic growth and external sector

a. GDP growth: Are Latin American countries linked to international business cycles?

Caporale, Guglielmo Maria, and Alessandro Girardi. 2016. “Business Cycles, International Trade and Capital Flows: Evidence from Latin America.” *Empirical Economics* 50 (2): 231–52. <https://doi.org/10.1007/s00181-015-0928-9>.

Cimoli, Mario, Jose Antonio Ocampo, Gabriel Porcile, and Nunzia Saporito. 2020. “Choosing Sides in the Trilemma: International Financial Cycles and Structural Change in Developing Economies.” *Economics of Innovation and New Technology* 29 (7): 740–61. <https://doi.org/10.1080/10438599.2020.1719631>.

b. Interactions between commodity prices and economic growth in Latin America: Is there a natural resource-intensive export structure in the region? What is the impact on macroeconomic outcomes?

Erten, Bilge, and José Antonio Ocampo. 2021. “The Future of Commodity Prices and the Pandemic-Driven Global Recession: Evidence from 150 Years of Data.” *World Development*. <https://doi.org/10.1016/j.worlddev.2020.105164>.

Ocampo, José Antonio. 2017. “Commodity-Led Development in Latin America.” In *Alternative Pathways to Sustainable Development: Lessons from Latin America*, 51–76. https://doi.org/10.1163/9789004351677_005.

c. Foreign direct investment: recent trends and challenges

Alvarado, Rafael, María Iñiguez, and Pablo Ponce. 2017. “Foreign Direct Investment and Economic Growth in Latin America.” *Economic Analysis and Policy* 56: 176–87. <https://doi.org/10.1016/j.eap.2017.09.006>.

Valderrey, Francisco, Federico Trigoso, and Evodio Kaltenecker. 2024. “Entry Modes for Chinese Enterprises in Latin America.” *Thunderbird International Business Review* 66 (1): 33–50. <https://doi.org/10.1002/tie.22357>.

II. Trade policy

a. The impact of trade agreements. What is the effect on trade outcomes in the region?

Dahrawy Sánchez-Albornoz, Ayman El, and Jacopo Timini. 2021. “Trade Agreements and Latin American Trade (Creation and Diversion) and Welfare.” *World Economy* 44 (7). <https://doi.org/10.1111/twec.13126>.

Moncarz, Pedro Esteban, Manuel Flores, Sebastián Villano, and Marcel Vaillant. 2023. “Intra- and Extra-Regional Trade Costs: A Comparative Approach to Latin-American Performance.” *World Economy* 46 (8): 2248–84. <https://doi.org/10.1111/twec.13400>.

b. The increasing role of China as trading partner: potentials for growth and investment

Lopez, Dorotea, and Felipe Munoz. 2020. “China’s Trade Policy towards Latin America: An Analysis of Free Trade Agreements Policy.” *Asian Education and Development Studies* 10 (3): 399–409. <https://doi.org/10.1108/AEDS-08-2019-0133>.

c. Export diversification away from non-traditional sectors: What is the role of the manufacturing, agriculture, and services sectors?

Agosin, Manuel R., and Luis David Chancí Arango. 2015. “Export Diversification Dynamics in Latin America.” In *Handbook on Trade and Development*, 288–309. <https://doi.org/10.4337/9781781005316.00022>.

Ding, Xiaodan, and Metodij Hadzi-Vaskov. 2017. “Composition of Trade in Latin America and the Caribbean.” *IMF Working Papers* 17 (42): 1. <https://doi.org/10.5089/9781475585490.001>.

Iizuka, Michiko, and Mulu Gebreeyesus. 2018. “‘Discovery’ of Non-Traditional Agricultural Exports in Latin America: Diverging Pathways through Learning and Innovation.” *Innovation and Development* 8 (1): 59–78. <https://doi.org/10.1080/2157930X.2017.1355771>.

III. Labor markets and social outcomes in Latin America

a. Labor market policies

Escudero, Verónica, Jochen Kluge, Elva López Mourelo, and Clemente Pignatti. 2019. “Active Labour Market Programmes in Latin America and the Caribbean: Evidence from a Meta-Analysis.” *Journal of Development Studies* 55 (12): 2644–61. <https://doi.org/10.1080/00220388.2018.1546843>.

b. Informality and regulations

Lambert, Frederic, Andrea Pescatori, and Frederik Toscani. 2020. “Labor Market Informality and the Business Cycle.” *IMF Working Papers* 20 (256). <https://doi.org/10.5089/9781513561288.001>.

Beccaria, Luis, and Roxana Maurizio. 2020. “Labour Market Turnover in Latin America: How Intensive Is It and to What Extent Does It Differ across Countries?” *International Labour Review* 159 (2): 161–93. <https://doi.org/10.1111/ilr.12105>.

c. Labor markets and gender

Berniell, Inés, Leonardo Gasparini, Mariana Marchionni, and Mariana Viollaz. 2023. “The Role of Children and Work-from-Home in Gender Labor Market Asymmetries: Evidence from the COVID-19 Pandemic in Latin America.” *Review of Economics of the Household* 21 (4): 1191–1214. <https://doi.org/10.1007/s11150-023-09648-8>.

Acevedo, Ivonne, Francesca Castellani, Giulia Lotti, and Miguel Székely. 2024. “Labour Market Gender Gaps in the Time of COVID-19 in Latin America and the Caribbean.” *Applied Economics*. <https://doi.org/10.1080/00036846.2024.2323550>.

IV. Part II: Social policies

a. The politics of social policies in Latin America

Pribble, Jennifer. 2011. “Worlds Apart: Social Policy Regimes in Latin America.” *Studies in Comparative International Development* 46 (2): 191–216. <https://doi.org/10.1007/s12116-010-9076-6>.

Ferre, Juan Cruz. 2023. “Welfare Regimes in Twenty-First-Century Latin America.” *Journal of International and Comparative Social Policy* 39 (2): 101–27. <https://doi.org/10.1017/ics.2023.16>.

b. Policies for poverty reduction

Lustig, Nora. 2014. “Income Redistribution and Poverty Reduction in Latin America: The Role of Social Spending and Taxation in Achieving Development Goals.” *Development (Basingstoke)* 57 (3–4): 388–99. <https://doi.org/10.1057/dev.2015.4>.

Lustig, Nora, and Claudiney Pereira. 2016. “The Impact of the Tax System and Social Spending in Income Redistribution and Poverty Reduction in Latin America.” *Hacienda Publica Espanola* 219 (4): 121–36. <https://doi.org/10.7866/HPE-RPE.16.4.5>.

V. Climate change and environmental policies.

- a. Mahmood, H. (2023). Trade, FDI, and CO2 emissions nexus in Latin America: the spatial analysis in testing the pollution haven and the EKC hypotheses. *Environmental Science and Pollution Research*, 30(6). <https://doi.org/10.1007/s11356-022-23154-x>

2.1 Schedule

	Date	Hour	Place
Preliminary meeting and distribution of topics	22.10.2024	17:15-18:45	VG 2.105 (Verfügungsgebäude - PIZ 5361)
Start registration in Flex Now	23.10.2024	0:00	
Final date for registration in Flex Now	31.10.2024	24:00	
Introduction to scientific writing	13.11.2024	17:15-18:45	0.702 (Waldweg 26, Altbau - PIZ 4484)
Introduction to Latin American Economics	20.11.2024	17:15-18:45	0.702 (Waldweg 26, Altbau - PIZ 4484)
Outline Submission	22.11.2024	24:00	
Overview of data sources and literature search Outline and literature discussion	27.11.2024	17:15-18:45	0.702 (Waldweg 26, Altbau - PIZ 4484)
Outline and literature discussion	04.12.2024	17:15-18:45	0.702 (Waldweg 26, Altbau - PIZ 4484)
Term paper submission	17.01.2025	24:00	
Seminar day 1	24.01.2025 (Friday)	8:00-17:00	Oec 1.163 von 8:00 bis 12.00 Oec 1.164 ab 14.00 Uhr
Seminar day 2	25.01.2025 (Saturday)	8:00-17:00	Oec 1.164

2.2 Deliverables, examination and grading

75% of the grading is for the term paper

25% of the grading for presentation, class participation and paper discussion.

2.3 Research paper requirements

Formatting:

The length of the term paper should amount to 15 pages. Main tables and main figures factor into the page count. The cover sheet, table of contents, list of figures, list of tables, bibliography and the appendix are excluded from the page count. Please use the following formatting: Font size: 12 pt, line spacing: 1.5 times, alignment: justification, margin (right, left, top and bottom margin): 2.5 cm each. Appendices may provide the details of the empirical approach, data sources, or some background tables and figures. Tables and figures that are essential for the research paper need to be included in the main text.

Citing:

Please make sure that you are consistent in your referencing and bibliography. Every idea, statement, or fact taken from the literature or any other sources must be appropriately cited. Quotes need to be indicated as such. Plagiarism is sanctioned with the grade 5 (failed). The general rules of the Faculty of Business and Economics apply.

The following signed declaration must be attached to each scientific work:

“I hereby declare that I wrote this thesis paper independently, without assistance from external parties, and without use of other resources than those indicated. All information taken from other publications or sources in text or in meaning are duly acknowledged in the text. I give my consent to have this thesis checked by plagiarism software.”

Additionally, please attach a declaration if you have used AI-based chatbots such as ChatGPT. Sample annex:

“Declaration on the use of ChatGPT and comparable tools: In this seminar thesis, I have used ChatGPT or another AI as follows.:

not at all

during brainstorming

when creating the outline

to write individual passages, altogether to the extent of ...% of the entire text

for the development of software source texts

for optimizing or restructuring software source texts

for proofreading or optimizing

further, namely: ...

I hereby declare that I have stated all uses completely.”

Missing or incorrect information will be considered as an attempt to cheat.

Use a referencing style that is in line with basic conventions in the economics literature. Always quote within a work using the same method. All sources that you have cited in the text must appear in the reference list. Everything that you have only read but not cited in the text must NOT appear in the reference list.

Language:

Term papers need to be written in English. The work must be done independently by the student; the supervisor only provides advice on the outline and specific issues of the paper.

2.4 Further suggested Literature for academic writing

Booth, Wayne C., Gregory G. Colomb, and Kate L. Turabian. 2018. Manual for Writers of Research Papers, Theses, and Dissertations: Chicago Style for Students and Researchers. 9th Edition. Chicago: University of Chicago Press