

800031 WKLA II : Seminar on 'The Latin American Economies: Crises and Reforms'

Module: M.WiWi.VWL.0024 (Seminar)

19-20 December 2014, OEC 0.167 (this is the correct new date and location)

Organisational issues

Please register and make a preliminary reservation of your TOPIC via Stud IP.

In order to signal your preferences, you have to register in Stud IP on the **1st of October**, go to '*Participants*' – '*Functions/Groups*', and choose a topic by joining a group. Only one topic per person can be chosen.

Topics are allocated according to first come, first served and priority level¹. It is important to attend the introductory meeting on the 23rd of October (12:00-13:00) as the final allocation of topics will take place there and some information on the course will be given.

Reservation of a topic will only be possible starting on 01/October/2014 at 12:00 (noon; not before & only through Stud IP!).

Introductory session and final allocation of topics:

23 October 2014, 12-13h, OEC Room 1.162

Last possible course enrollment to earn credit points:

30 October 2014 (via FlexNow; withdrawal from the course after this date is only possible with a medical certificate)

Handing-in of seminar papers (2 hard copies):

12 December 2014 (12h), (the seminar paper counts at least 2/3 towards the final grade)

Sending of power point presentations via Stud IP e-mail distribution list:

17 December 2014 (12h) PPT in a printer-friendly (white background!) version; (presentation and participation in discussions count up to 1/3 towards the final grade)

The BLOCK SEMINAR takes place:

19-20 December, 2014. Permanent presence during these two days is required.

Location/room on first and second day: OEC 0.167

¹ You have a high priority if you are in the 4th or 5th semester in the MA program. Therefore, please state which MA semester you are currently in and whether you are a student of MA Development Economics or MA International Economics or any other MA program.

Office hours

Feli Nowak-Lehmann

Wednesday, 11-12h (without appointment) & Thursday, 14-16h only by appointment, OEC 2.205, Tel: 0551 39-7487, fnowak@uni-goettingen.de.

Malte Reimers

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List of topics

I. Macroeconomic problems and crises in Latin America

a. Low saving rates and volatile capital flows

Topic 1: How important are savings for growth? The role of domestic and external savings.

Beja, E. jr. (2007) Capital flight and economic performance. MPRA No. 4885. Munich Personal RePEc Archive. LMU. University of Munich, Germany.

Carroll, C. and Weil, D.N. (1994) Saving and growth: a reinterpretation. Carnegie-Rochester Conference Series on Public Policy 40: 133-192.

Gutierrez, M. (2007) Savings in Latin America after the mid 1990s. Determinants, constraints and policies. Serie 57. Macroeconomía del Desarrollo. CEPAL. Santiago, Chile.

Topic 2: Volatile capital inflows. Why are they risky and how to manage them?

Jeanne, O. (2012) Capital Flow Management. *American Economic Review* 102(3): 203–206.

Nunnenkamp, P. (2002) Too much, too little or too volatile? International capital flows to developing countries in the 1990s. *Uneven Architecture*: 101-120.

Ostry, J. D., Ghosh, A. R., Habermeier, K., Laeven, L., Chamon, M., Qureshi, M. S. and Kokenyne, A. (2011) Managing Capital Inflows: What Tools to Use? IMF Staff Position Note 11(06): 4-12.

Powell, A. and Tavella, P. (2012) Capital inflow surges in emerging economies: How worried should LAC be? IDB Working Paper Series No. IDB-WP-326. Inter-American Development Bank. Washington, D.C.

b. Poor exchange rate management

Topic 3: The pros and cons of a currency board. Theoretical aspects and an analysis of the Argentine experience

Edwards, S. (2002) The great exchange rate debate after Argentina. *The North American Journal of Economics and Finance* 13: 237-252.

IMF (2003) Lessons from the crisis in Argentina. International Monetary Fund (<https://www.imf.org/external/np/pdr/lessons/100803.pdf>)

Kiguel, M.A. (1999) The Argentine currency board. Chief Advisors and Undersecretary of Finance. Ministry of Economics and Public Works and Services. <http://www.ucema.edu.ar/publicaciones/download/documentos/152.pdf>

c. Sovereign debt crises

Topic 4 : Always Argentina? Always the same? The debt crisis of 1982, 2002 and 2014. An analysis of its causes

- Edwards, S. (2002) The Argentine Debt Crisis of 2001-2002. A Chronology and some key policy issues. University of California and National Bureau of Economic Research.
(<http://www.anderson.ucla.edu/faculty/sebastian.edwards/Chronology.pdf>)
- Federal Deposit Insurance Corporation (FDIC). Chap.5
https://www.fdic.gov/bank/historical/history/191_210.pdf
- IMF (2003). The Role of the IMF in Argentina, 1991-2002. International Monetary Fund.
(<http://www.imf.org/external/np/ieo/2003/arg/070403.pdf>)
- IMF (2003) Lessons from the crisis in Argentina. International Monetary Fund
(<https://www.imf.org/external/np/pdr/lessons/100803.pdf>)
- Latin American Newsletters: Latin American Economy & Business (June 2014). "Argentina steps to the edge and back." WiWi library Y LA 39 (Available as pdf)

II. Structural problems and structural adjustment programs

Topic 5: Structural adjustment programs. Their components and how to sequence them. Suggestions from and for Latin America

- Edwards, S. (1989) On the sequencing of structural reforms. NBER Working Paper Series No. 3138. National Bureau of Economic Research. Cambridge, MA.
- Kose, M. A. and Prasad, E. (2004) Capital Account: Liberalize or not? International Monetary Fund website, <http://www.imf.org/external/pubs/ft/fandd/basics/capital.htm>, accessed on September 2012.
- Nsouli, S.M., Rached, M. and Funke, N. (2002) The speed of adjustment and the sequencing of economic reforms: Issues and guidelines for policymakers. IMF Working Papers No. WP/02/132. International Monetary Fund. Washington, D.C.

Topic 6: Trade liberalization: Benefits and problems. The case of a Latin American country of your choice

- Edwards, S. and Lederman, D. (1998) The political economy of unilateral trade liberalization: The case of Chile. NBER Working Paper Series No. 6510. National Bureau of Economic Research. Cambridge, MA.
- Fischer, D.D. (2004) Trade liberalization in Latin America: the case of Chile. *Documentos de trabajo CEA*, 190.
- WACZIARG, R. (2001) Measuring the dynamic gains from trade. *World Bank Economic Review* 15(3): 393-429.
- WACZIARG, R. AND WELCH, K.H. (2008) Trade liberalization and growth: New evidence. *World Bank Economic Review* 22(2): 187-231.
- World Bank (2005) Economic growth in the 1990s: Learning from a decade of reform. Chap.5: Trade liberalization Why so much controversy?
http://www1.worldbank.org/prem/lessons1990s/chaps/05-Ch05_kl.pdf

Topic 7: Privatization. An analysis of benefits and caveats. Theoretical aspects and experience from developing countries (you can select one country as a case study)

Auriol, E. and Picard, P.M. (2006) Infrastructure and public utilities privatization in developing countries. World Bank Policy Research Working Paper No. 3950. World Bank. Washington, D.C.

Haque, M.S. (2002) Privatization in developing countries: Formal causes, critical reasons, and adverse impacts. In: Ali Farazmand (ed.) *Privatization or Public Enterprise Reform?*. Westport, Conn.: Greenwood Press, pp. 217-238.

Zhang, Y.-F., Kirkpatrick, C. and Parker, D. (2002) Electricity sector reform in developing countries: An econometric assessment of the effects of privatization, competition and regulation. Working Paper Series No. 31. Centre on Regulation and Competition. University of Manchester.

Topic 8: Resource abundance/dependence: Are natural resources detrimental to economic growth? Theoretical and empirical findings

Frankel, J. (2012) The natural resource curse: A survey of diagnoses and some prescriptions. HKS Faculty Research Working Paper series. RWP12-014. Harvard Kennedy School. Harvard University.

John, J. (2011). *Is There Really a Resource Curse? A Critical Survey of Theory and Evidence*, Lynne Rienner Publishers, <http://journals.riener.com/doi/abs/10.5555/1075-2846-17.2.167>.

Sachs, J.D. and Warner, A.M. (2001) The curse of natural resources. *European Economic Review* 45: 827-838.

III. Governance problems

Topic 9: Do institutions matter for economic growth. The experience of developing countries/Latin America

Acemoglu, D., Johnson, S. and Robinson, J.A. (2005) Institutions as a fundamental cause of long-run growth. In: *Handbook of Economic Growth*. Vol. 1A. Chapter 6. Edited by Philippe Aghion and Steven N. Durlauf. pp. 385-472.

Topic 10: How does corruption impact on decision processes and economic development? Theoretical and empirical findings

Bardhan, P. (1997) Corruption and development: A Review of issues. *Journal of Economic Literature* 35(3): 1320-1346.

Mauro, P. (1995) Corruption and Growth. *The Quarterly Journal of Economics* 110(3): 681-712.