EC/PO/IR 330 ECONOMIC DEVELOPMENT IN LATIN AMERICA

IES Abroad Multi-Location

DESCRIPTION:

This course provides a comprehensive exploration of Latin American economies in transition, with a special focus on Argentina and Chile. It delves into the economic, social, and political landscapes of Latin America, contrasting them with those of developed nations. Students will study the historical context, competitive advantages, and challenges facing these countries, including issues like social inequality, institutional development, and new global threats.

We will examine dynamics, opportunities and challenges faced by developing nations as they strive for sustainable development given their own unique environmental, social, political and economic landscapes.

Students will compare how developing nations tackle common issues and how policies differ when balancing environmental concerns with the needs for growth and poverty reduction emerging markets struggle with.

CREDITS: 4 credits

CONTACT HOURS: 60 hours

LANGUAGE OF INSTRUCTION: English

INSTRUCTOR: Alfredo Fierro, Mario Braga, Marcela Arellano

PREREQUISITES: None

ADDITIONAL COST: None

METHOD OF PRESENTATION:

Lectures, guest speakers' presentations, discussions, readings, fieldtrips, individual and group in-class activities, and oral presentations.

REQUIRED WORK AND FORM OF ASSESSMENT:

- **Class Participation - 10%**
- Students are expected to actively participate in class discussions and bring their own perspective to the topics discussed. It is encouraged to look for data pertaining to the topics during each session and sharing them with the class.
- **Individual and/or group assignments, class presentations, debates - 20%** Students are expected to actively participate in all individual and group assignments, and to contribute meaningfully to class presentations and debates. See "Assignments" section below.
- **Mid Term Assignment - 25%**
  Case Studies – 20% Students are expected to be able to understand, analyze under the course framework and give answers to real life study cases prepared in Business Schools.
- **Final project - 25%** At the beginning of the course, groups of 4 students will design a policy proposal that encourages citizens to adopt more sustainable lifestyles or behavior. This legislation can address any aspect of daily life and propose practical, actionable steps to reduce environmental impact or to provide access to environmental rights for disadvantaged populations.

- Stages:

  a. Research
  Identify key areas where changes can make a significant impact (e.g., transportation, energy use, waste management, water conservation, food consumption). Consider Buenos Aires, Lima or Santiago's specific context.
  b. Identify challenges
  Discuss the challenges and barriers to adopting sustainable lifestyles in your community. Consider economic, social, and cultural factors that might influence people's behavior.
  c. Develop policy proposal
  Based on your research, develop a set of policy proposals aimed at incentivizing sustainable behaviors. Ensure your proposals are SMART (specific, measurable, achievable, relevant and time-bound).
  d. Incentive Mechanisms
  Think creatively about how to incentivize citizens. Consider financial incentives, educational campaigns, community programs, or technological solutions. Propose both short-term and long-term incentives. Consider the cultural differences emerging economies or Latin American citizens in particular that could influence their acceptance or adoption of such policy.
  e. Presentation
  The final presentation will cover the whole process of your project. Discuss how you found out and why you chose to tackle this particular issue. Give us data on the problem and what success would look like. Detail the main idea and outcome expected and share the incentives and levels of enforcement you think will guarantee successful implementation of the policy.

General Expectations:
A significant amount of class time will involve discussion of case studies and current periodicals, as well as individual and group exercises that introduce and reinforce student understanding of key topics. Therefore, students' participation in class is essential
and it will be assessed. Students are expected to have an active role in the class, participating in class discussions, debates and fulfilling the required work for each session. In order to successfully meet this requirement, students should be prepared to devote significant time outside of class for reading and critical thinking.

LEARNING OUTCOMES:
By the end of the course, students will be able to:
- Comprehend the key characteristics and sustainability challenges of ECONOMIES IN TRANSITION, particularly in Latin America, and contrast these with developed nations.
- Evaluate the competitive advantages of emerging markets and the role of global value chains in Argentina and Chile, assessing their implications for economic growth and development.
- Critically assess the role of capital, labor, natural resources, and entrepreneurship in driving economic progress in Latin America, with a specific focus on Argentina and Chile.
- Understand the importance of institutions, the rule of law, and the impact of privatizations and nationalizations on economic stability and growth in the region.
- Explore social inclusion and inequality issues, including poverty, income disparities, ethnic and gender inequalities, and their effects on social cohesion in Latin America.
- Analyze the roles of Argentina and Chile in global sustainable agriculture, food markets, tourism, conservation,

and sustainability, and propose strategies for addressing these issues.

- Understand the cultural, social and political stances of Latin-Americans towards climate change and sustainability policy urgency/imposition.
- Articulate LA economic development as it relates to relations with China, US and other major econ. Blocks.
- Critically evaluate the region's involvement in the global energy transition, focusing on renewable energy adoption, electric mobility, and the critical mineral supply chain, with an emphasis on Chile's policies and commitments and identify innovative solutions and best practices for addressing sustainability challenges.

ATTENDANCE POLICY:

As a member of our class community, you are expected to be present and on time every day. Attending class has an impact on your learning and academic success. For this reason, attendance is required for all IES Buenos Aires classes, including course-related excursions. If the student misses more than one class (if the course is given intensively in 5 to 7 weeks) or two classes (if the course is given in 15 weeks), his/her final grade will drop one point for each missed class exceeding the limit, e.g. from A to A-, from A- to B+ and so on. Absences will only be justified, and assessed work, including exams, tests and presentations rescheduled, in cases of documented medical or family emergencies.

CONTENT:

Week	Content	Assignments
Week 1 **Buenos Aires**	**Introduction to emerging economies** Overview of the course Introduction to Emerging Markets /Economies Characterization of the Latin American Economy and Demographics vis a vis Developed Nations	• Acemoglu & Robinson (2012) Why nations fail? Chapter 1: So close and yet so different (pp 7-44). New York: Crown Publishers • Development of a dashboard that includes relevant metrics that allow to compare EE vs DE.
Week 2 **Buenos Aires**	**Economic History of Latin America** Recent Economic History of Argentina (Peronism, Military, Desarrollismo, Rebirth of Democracy) Magical Realism in Latin America (Reality and myths/ Rational Expectations vs Adaptive Economics)	• Assignment(s) and/or Reading(s)Class debate: Open vs closed economy. Guest speakers: members of Nissan or Newsan (Argentine producer of household appliances, food, and licensee of P&G brands in Argentina). Two groups will be formed to debate the pros and cons of different stances on the topic. Sources: bibliography, guest lecturers' opinions, news and articles. (Case study: Argentina). • Sargent, T. J. (1973). Rational expectations and inflation. Journal of Political Economy, 81(2), 241-263. • Edwards,B. (2012). *Left behind: Latin America and the false promise of populism*. University of California Press.

Week	Content	Assignments
Week 3 **Buenos Aires**	**Economic History of Latin America** "A deep dive into Peronismo: from the foundation to the present."	• Guest lecturer Ernesto Cussianovich - Associate director at Poliarquía Consultores. Expert in Public opinion and governance. He was full-time researcher and lecturer at Universidad de Buenos Aires and at Maison des Science l´Homme, Paris, and today works as part-time lecturer at Universidad Di Tella in Buenos Aires. • Edwards,B. (2012). Left behind: Latin America and the false promise of populism. University of California Press.
Week 4 **Buenos Aires**	**Emerging Markets** Competitive Advantages of Emerging Markets Global Value Chains	• Porter, M.: The Competitive Advantage of Nations - Harvard Business Review (March-April 1990) -73-91. • Class debate: The digital economy - how traditional policies interact with the challenges posed by technological advances. Groups will be formed to debate the pros and cons of different stances on the topic. Sources: bibliography, guest lecturers' opinions, news and articles. (Case study: Argentina). • Course related Trip
Week 5 **Buenos Aires**	**Capital, Labour and Resources in LA** **Capital in Latin America.** **Labour in Latin America.** **Natural Resources in Latin America (source of hard currency).**	• Bello, Cantú & Heresi: Latin America: variability and persistence in commodity prices. CEPAL Review (April 2011). • Students will be asked to provide articles with alternative points of view. • Class debate: A -economically- sustainable development model based on the factors of production for LATAM. Students to adopt roles during the course (based on production factors). Capital, labor, natural resources and entrepreneurs.
Week 6 **Buenos Aires**	**Entrepreneurship in LA** "About Unicorns, crisis and development: An analysis of the entrepreneurial ecosystem and its evolution in Argentina"	• Guest lecturer Alejandro Mashad: Entrepreneur, Cofounder of EDISON. (Ed-tech startup). Director of the renowned Entrepreneurship Center from Universidad de San Andres; Entrepreneurial Ecosystem Builder; Ex Managing Director of Endeavor Foundation. • GEM (Global Entrepreneurship Monitor) (2023). *Global Entrepreneurship Monitor 2023/2024 Global Report: 25 Years and Growing*. London: GEM.

Week	Content	Assignments
Week 7 Buenos Aires	**Institutions in Latin America** Rule of Law/ Institutions in Latin America Privatisations and Nationalisations in Latin America.	• The Economist (Sept. 7th 2023): Why is Argentina's economy in such a mess? Retrieved from link . • Levy Yeyati, E. (May 2024). Algunos problemas fundamentales de nuestro mercado laboral ni siquiera están hoy en el radar. La Nación. Retrieved July 27th, 2024, from link. • Class debate: Privatisations and Nationalisations in Latin America.
Week 1 Santiago	**Social Inclusion and Inequality** Poverty, income disparities and labor market inequality Social inequality and access to public services Ethnic inequality Gender inequality in Latam The 2019 social explosion in Chile	• Unrest in Chile. Pons, Mullins, Masko, Lobb &Di Tella. HBS, 2020. • Social Panorama of Latin America 2022, Economic Commission for Latin America and the Caribbean (ECLAC) Pp. 14-39. • Social Panorama of Latin America 2023, Economic Commission for Latin America and the Caribbean (ECLAC) Pp. 87-129
Week 2 Santiago	**New threats and challenges** Displacement and regional migration Transnational crime and cartels Pandemics and health concerns Misinformation and democratic disaffection Radicalization and violence	• Butcher, Paul (2019). Disinformation and Democracy, the home front in the information war. Europen Policy Centre, Belgium.
Week 3 Santiago	**Alternative models of development** From Millenium Goals to SDGs Latam contribution and pledge to sustainable development Natural capital and conservation Circular economy Responsible consumption and fair trade Is Degrowth possible? Chile's attempt at a new constitution	• Mesa-Lago, C. (2004). Models of Development, Social Policy and Reform in Latin America. In: Mkandawire, T. (eds) Social Policy in a Development Context. Social Policy in a Development Context. Palgrave Macmillan, London. https://doi.org/10.1057/9780230523975_8 • Filgueira, Fernando. Chapter II Models of development, the welfare State matrix and Latin American social policy tools in Towards Universal Social Protection: Latin American Pathways and policy tools. ECLAC, Santiago, 2015.

Week	Content	Assignments
Week 4 **Santiago**	**Sustainable cities for Latam** Improving living conditions Segregation and gentrification Funding and administrative problems Smart cities and tecnologies Cost of living	• Corbella, Oscar et al. Sustainable Parameters for Latin American Cities. 2011. World Renewable Energy Congress. Sweden.
Week 5 **Santiago**	**Sustainable agriculture** Argentina and Chile's position in the global food market. Sustainable farming and livestock management. International demand and local food security Forestry and deforestation	• Hyde, William et al. Latin America: A regional perspective on its forest policy and economics. Forest Policy and Economics Review 141 (2022).
Week 6 **Santiago**	**Developing markets in the Global Energy Transition** Renewable energy production and adoption Electric mobility and resources needed Latam in the global critical mineral chain Chile's policies and commitments	• International Energy Agency (2023), *Latin America Energy Outlook 2023,* Chapter 4: Implications for global transitions and energy security (pp 171-192). IEA, Paris https://www.iea.org/reports/latin-america-energy-outlook-2023.
Week 7 **Santiago**	**Project showcase** Final presentation of the course	• Each group will present their policy project. All students are expected to join in to ask questions and share advice on the presented alternatives.

COURSE-RELATED TRIPS:

- Course related Trip to Brubank is an Argentine digital bank. Headquartered in Buenos Aires, Brubank is a fintech company that offers mobile banking and other financial services. It is recognized as the first fully digital bank in Argentina.
- Course related Trip to Getnet Argentina S.A.U., start UP/spinoff of Santander Group.
- Visit to Veramonte Vineyard, organic and sustainable wine operation.
- Visit to ECLAC, The Economic Commission for Latin America and the Caribbean, which is headquartered is in Santiago and is one of the five regional commissions, was founded with the purpose of contributing to the economic development of LA, coordinating actions directed towards this end, and reinforcing economic ties among countries and with other nations of the world.

REQUIRED READINGS:

- They are indicated in the assignment's column.

RECOMMENDED READINGS:

- Bank for International Settlements, Fiscal policy, public debt and monetary policy in emerging market economies. BIS Papers No. 67, October 2012.
- DeRosa, David. "Central Banking and Monetary Policy in Emerging Market Nations", Chapter 1: Emerging Markets and their Central Banks. The Research Foundation of CFA Institute, 2009, pp.1-15.
- Drabek, Zdenek: Is the World Trade Organization Attractive Enough For Emerging Economies?" (December 2009) Palgrave Macmillan. 14 October 2014.
- Moreno Badia, Marialuz & Segura-Ubiergo, Alex. "Real Exchange Rate Appreciation in Emerging Markets: Can Fiscal Policy Help?". IMF Working Paper WP/14/1, January 2014.
- Jeffrey D. Sachs & Andrew M. Warner Natural. "Resources and Economic Development, The curse of natural resources". European Economic Review 45 (2001) pp. 827-838.
- Cavalcanti, Tiago and Mohaddes, Kamiar and Raissi, Mehdi, "Commodity Price Volatility and the Sources of Growth" (January 17, 2012).
- Hammond, John. "The resource curse and oil revenues in Angola and Venezuela". Science and Society, Vol. 75, No. 3, July 2011, pp. 348-378.
- World Bank, Long Term Finance. http://documents.worldbank.org/curated/en/955811467986333727/pdf/99100-PUB-REVISED-Box393195B-OUO-9-until-9-14-15.pdf
- WTO, World Trade Report 2013 Factors shaping the future of world trade https://www.wto.org/english/res_e/booksp_e/world_trade_report13_e.pdf
- Manzetti, Luigi "The Political Economy of MERCOSUR," i. Chapter 20. In Modern Political Economy and Latin America, Jeffrey Frieden, Manuel Pastor Jr and Michael Tomz (eds.).
- Ocampo, Jose Antonio. "Latin America's Growth and Equity Frustrations during Structural Reforms". Journal of Economic Perspectives 18(2) 2004

INSTRUCTOR BIOGRAPHY:
In Buenos Aires
Alfredo Fierro was born in San Salvador, El Salvador. He has a Business Administration Degree from the Universidad Católica Argentina in Buenos Aires and a Postgraduate Certificate in Business Administration from The Open University in the UK. He has attended over 150 conferences, courses and seminars in Argentina, Brazil, Italy, the UK, and the US. In his professional career he has worked in different International Marketing roles for large Argentine corporations and is currently the Deputy Director of Trade & Investment for the British Embassy in Buenos Aires assisting some 500 companies a year to enter the Argentine market. He speaks Spanish (mother tongue), English, French, Italian and Portuguese with fluency as well as communicational German. Alfredo is also a Professor of International Negotiations at the Catholic University of La Paz, Bolivia.

Mario Braga is an Economist with an MBA in Marketing with extensive regional experience as a Brand experience Director and business and marketing consultant with a proven track record of success in various sectors, including technology, services and fmcg and companies such as BDO, Natura Latin America, SAP Latam, Boehringer Ingelheim and Microsoft Latam, and small and medium companies as well. He worked for MS&L/ Publicis Groupe, Clarin Multimedia Group and as an Economist at Argentina's Central Bank. Teaching is one of his passions and he´s a professor at postgraduate courses at UADE Business School, UCEMA and IAE Naves (Argentina) and UDE (Uruguay), among other Universities. He´s the Director of the Marketing degree program at UCES (Universidad de Ciencias Empresariales y Sociales – Argentina).

In Santiago
Marcela Arellano is an Economic Journalist and Masters of Business (UQ Business School, Australia) and Journalist. She works mainly in Digital Marketing in the area of Communications & Marketing at professional's post-degree programs at the Industrial Engineering Department at the Universidad de Chile. Her professional experience comprises positions in mass media and public institutions.

She has been Assistant Professor at the Universidad de Chile -the most important institution in higher education in the country- since 2012, teaching courses to post-degree students such as Market Research and Marketing Management at the MBA UChile, the first in Latin America according to different international rankings. She also teaches Emerging Economy at IES Abroad.