

Syllabus for
the Political Economy of Latin America
Woodrow Wilson School 593 *C*

August 31, 2006

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Class Meeting: Tuesday & Thursday
9:00 to 10:30 AM
029 Robertson Hall

This half-semester course will consider the political economy of Latin America from the perspectives of economics and political science, in the hopes that this stereoscopic viewpoint enhances our perception of the depth of the topic. A repeated theme in the course will be the futility of attempting to separate the central issues of dictatorship, democracy, and development into “economic” and “political” spheres.

Some of the readings are technical, and so people who have been (or are being) intellectually processed through the “C” track will probably be

most comfortable. Speaking one of the languages of Latin America is not necessary¹.

At a suitable level of abstraction, the issues of economic and political development are the same everywhere on the planet. However, some of these issues are particularly salient in Latin America: sovereign debt, income inequality, “late” development, and the specter of military rule are particularly prominent concerns in the region. While the historical pathways of political and economic development are significant everywhere, they are perhaps easier to trace in Latin America than they are most places.

During the past half-century thought about the political economy of Latin America has been successively dominated by “big ideas”: import substituting industrialization, Communism, bureaucratic authoritarianism, the Washington consensus, and today a resurgent regional nationalism of the left. To the extent that they have influenced policymaking, these ideas have been important in and of themselves, but each has failed as a comprehensive description of the political economy of the region. Just as we cannot understand politics and economics in isolation from one another, to understand the realities of political-economic life in Latin America, we need the repeated and interactive application of theory and careful observation.

Grading

Your course grade will be based on classroom discussion of the readings, three biweekly written assignments, and a final exam, with the following grade weights:

(33%) classroom discussion.

(33%) written assignments (with equal weight on each assignment)

(34%) final exam

¹But knowing Spanish or Portuguese does allow one easy access to primary documents in the field!

Students are encouraged to discuss the written assignments, but the final version you submit should represent your own work and your own thinking. You should come to each class having already done the assigned readings.

Texts

Acemoglu, Daron and James A. Robinson (2006) *Economic Origins of Dictatorship and Democracy* (New York: Cambridge).

Cardoso, Fernando Henrique, and Enzo Faletto (1979) *Dependency and Development in Latin America* Marjory Mattingly Urquidi translator. (Berkeley: University of California Press).

Stein, Ernesto, Mariano Tommasi, Koldo Echebarria, Eduardo Lora, Mark Payne (2006) *The Politics of Policies: Economic and Social Progress in Latin America 2006 Report* (Cambridge: Harvard University Press).

Course Outline

N.B. Additional readings might be announced as we progress.

September 14: First Meeting Sovereignty and commerce. Acemoglu and Robinson Chapter 1, Chapter 3 sections 1 – 6, Cardoso & Faletto Chapter 1, Stein *et al* Chapters 1 and 2.

September 19: Second Meeting Models of Political Economy. Acemoglu and Robinson Chapter 2, Chapter 3 section 7, Cardoso and Faletto Chapter 2.

September 21: Third Meeting The Shadow of History.

Acemoglu, Daron, Simon Johnson, and James A. Robinson (2001) “The Colonial Origins of Comparative Development: An Empirical Investigation,” *American Economic Review* Vol. 91 pp. 1369-401.

September 26: Fourth Meeting The Shadow of History *continued*. Cardoso and Faletto, Chapters 3 and 4.

September 28: Fifth Meeting De Jure and De Facto Institutions: Indirect Military Rule, Guerrillas, and Unions. Acemoglu and Robinson Chapter 4. Stein *et al* Chapters 3 and 4.

Needler, Martin C. (1966) "Political Development and Military Intervention in Latin America." *American Political Science Review* Vol. 60, No. 3, pp. 616-26.

October 3: Sixth Meeting De Jure and De Facto Institutions *continued*: Indirect Military Rule, Guerrillas, and Unions. Acemoglu and Robinson Chapter 5. Stein *et al* Chapter 5.

O'Donnell, Guillermo (1973) *Modernization and Bureaucratic Authoritarianism* (Berkeley: Institute of International Studies, University of California), pp. 167-201.

Londregan, John B. and Andrea Vindigni (2006) "Voting as a Credible Threat." typescript.

<http://www.collegiocarloalberto.it/Ricerca/notebooks/No.18.pdf>

October 5: Seventh Meeting Income Inequality. Acemoglu and Robinson, Chapter 8, Cardoso and Faletto, Chapter 5.

Londregan, John B. and Keith T. Poole (1996) "Does High Income Promote Democracy?" *World Politics* Vol. 49. pp. 1-30.

Shayo, Moses (2005) "Nation, Class and Redistribution." typescript.

http://economics.huji.ac.il/facultye/shayo/redistribution_s.pdf

October 10: Eighth Meeting Trade and Development. Cardoso and Faletto, Chapter 6. Acemoglu and Robinson, Chapter 10.

October 12: Ninth Meeting Sovereign Debt—Some Theory.

Bulow, Jeremy and Kenneth Rogoff (1989) "A Constant Recontracting Model of Sovereign Debt." *Journal of Political Economy* Vol. 97, pp 155-78.

Dixit, Avinash k. and John B. Londregan (2000) “Political Power and the Credibility of Government Debt.” *Journal of Economic Theory* Vol. 94, pp 80-105.

Frieden, Jeffrey A. (1991) *Debt, Development, and Democracy: Modern Political Economy and Latin America, 1965-1985*. (Princeton: Princeton Press), pp. 15-41.

North, Douglass and Barry Weingast (1989) “Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth Century England.” *Journal of Economic History* Vol. 49, pp. 803-32.

October 17: Tenth Meeting Debt Crises.

Krueger, Anne O. (1992) *Economic Policy Reform in Developing Countries*. (Cambridge: Blackwell), pp. 1–58.

Reinhart, Carmen and Kenneth S. Rogoff (2005) “Serial Default and Its Remedies.” in *The Political Economy of Recurrent Debt*. Miguel Centeno, Harold James and John Londregan eds. (Princeton: Princeton Institute for International and Regional Studies) pp. 4–18.

de Larosière, Jacques (2005) “From Mexico to Argentina: What Have we Learned from Two Decades of Debt Crisis?” in *The Political Economy of Recurrent Debt*. Miguel Centeno, Harold James and John Londregan eds. (Princeton: Princeton Institute for International and Regional Studies) pp. 34–52.

Eichengreen, Barry and Richard Portes (1989) “After the Deluge: Default, Negotiation, and Readjustment during the Interwar Years.” in *The International Debt Crisis in Historical Perspective* Barry Eichengreen and Peter H. Lindert eds. pp. 12-47.

October 19: Eleventh Meeting Macroeconomic Policy.

Stein, Ernesto and Jorge Streb (2004) “Elections and the Timing of Devaluations.” *Journal of International Economics* Vol. 63 pp. 119-45.

Gavin, Michael and Roberto Perotti (1997) “Fiscal Policy in Latin America.” in *NBER Macroeconomics Annual 1997* (Cambridge: MIT Press), pp. 11-61.

October 24: Twelfth Meeting What is to be done?

Krueger, Anne O. (1992) *Economic Policy Reform in Developing Countries*. (Cambridge: Blackwell), pp. 67–73, 146–159.

Yeyati, Eduardo Levy (2005) “Recurrence Debt Problems and International Safety Nets.” in *The Political Economy of Recurrent Debt*. Miguel Centeno, Harold James and John Londregan eds. (Princeton: Princeton Institute for International and Regional Studies) pp. 19–33.

Hausman, Ricardo and Andrés Velasco (2005) “Recurrence Debt Problems and International Safety Nets.” in *The Political Economy of Recurrent Debt*. Miguel Centeno, Harold James and John Londregan eds. (Princeton: Princeton Institute for International and Regional Studies) pp. 53–93.

October 26: Thirteen Meeting Conclusions and Points of Departure. Stein *et al* Chapter 12. Cardoso and Faletto, Conclusions, Post Scriptum. Acemoglu and Robinson, Chapter 11.