**Latin American Economic Development and the Role of Agriculture**

Tuesdays, 9:35-10:25 10:40-11:30 GRI 376 Thursdays, 10:40-11:30, NPB1200
Office hours - Tuesday: 11:30-12:30 p.m., Thurs: 11:30-12:30p.m., or by appt.

**Course Description:**

Economic theory and historical accounts are combined in an attempt to understand the various forces that have shaped economic and agricultural development in Latin America. Latin America’s recent economic performance is the starting point for discussion. Then, we will examine how various theories of economic and agricultural development have influenced policies. The different roles of market, government and institutions in general will be discussed in the context of contributing towards development of agriculture and other sectors of the economy. In the last part of the class we study the specific microeconomic mechanisms that underlie welfare improvement in developing countries.

Initially, we will set the context and identify the main themes for the course. Then, we will have eight modules. The course modules are:

- Concept and Measures of Development
- Growth and Development in Latin America
- Contending Theories of Economic Development in Latin America
- Contemporary Trade and Trade Agreements
- Development and the Environment
- Theories of Agricultural Development, Roles of Agriculture and Policy
- Markets, Market Failure and Institutionalism
- The Curse and Opportunity of Resource Riches
- Accelerating and Sustaining Equitable Economic and Agricultural Development in the 21st Century

In each module, we will explore key conceptual arguments about these development strategies or challenges and link them to specific countries or regions of Latin America. The aim of the course is to provide a sense of the common themes and struggles of economic development experiences within Latin America, yet also to bring out the diversity of the context in which these struggles take place.
Prerequisites: Economic models are frequently used to organize the presentation of the various theoretical approaches and to provide a coherent explanation for some issues. These models should not be a major barrier to participation or successful achievement for students in this course. However, students wishing to deepen their understanding of economic development issues will find appropriate background material in M.P. Todaro, Economic Development, 8th ed. (New York, Longman, 2002).

Course Requirements:

1. Three short papers (40% of grade): The purpose of these papers is to allow students to explore and express their views on key issues within the course material. Students will be given questions, and will be asked to focus their remarks around a particular development issue that they will choose (perhaps not first choice) at the beginning of the term. These short papers are graded on a full credit, half credit, zero-credit basis, and require coherent arguments to receive full credit. Students who receive less than full credit will be given the opportunity to rewrite thought papers for full credit. Due dates will be discussed in class.

2. One class presentation (10% of grade). Students are asked to work with another student and organize a presentation of one or two of the assigned papers. Each student in the pair should present about half of the material. The students are expected to work together to coordinate their presentation. It is not only acceptable but encouraged to combine this effort in some way with the exposition of one of the critical essays, so that the deeper understanding you gain from working on the presentation is incorporated into your writing efforts.

3. Two exams or One Exam and One Final Paper (50% of grade). The exam is a take-home assignment with a relatively short turn-around time for completion (1-3 days).

Readings:

The following books are suggested for purchase:


Class Schedule

I. Introduction to Course – Concept and Measures of Economic Development

*Franko, Ch 1;


II. Growth and Development in Latin America
*Franko, Ch 1-2.


III. Contending Theories of Development in Latin America
Franko, Ch 3-6.


IV. Contemporary Trade and Trade Agreements
*Franko, Ch 8;


V. Development and the Environment


Lipton, M. “‘Exogenous’ Interest Rates, Technology, and Farm Prices versus “Endogenous” Conservation Incentives and Policies,” in SGPA, Ch 11.


VI. Theories of Agricultural Development and Roles of Agriculture in Policy

*Ruttan, V., "Models of Agricultural Development." Ch 9 E/S.
*Timmer, C.P., "The Macroeconomics of Food and Agriculture," Ch 11 E/S.
Dornbush, R., “The Case for Trade Liberalization,” Ch 12 E/S.
Sen, A. “Food, Economics and Entitlements,” Ch 12 E/S.

VII. The Curse and Opportunity of Resource Riches: Agricultural and Natural Resource Exports and Development


**** Short paper 2 due ****

Presentations -- TBA

VIII. Accelerating and Sustaining Equitable Economic and Agricultural Development in the 21st Century
A. Big Ideas Revisited (0.5 Week)
Gore and Lindauer and Pritchett (see weeks 2-3 above)


B. Agrarian Structure: Size of Farm, Land Tenure, Land Reform

Hayami, Y., "The Peasant in Economic Modernization." Ch 18 E/S
Binswanger, H.P. & M. Elgin, "Reflections on Land Reform and Farm Size." Ch 19 E/S


C. Human Capital and Women in Development

Franko, Ch 14.

Schultz, T.W., "Investing in People." Ch 20 E/S

Buvinic, M., "Projects for Women: Lessons From Their Misbehavior," Ch 21 E/S

**** Short paper 3 due ****

D. Technical Change: Who Gains and Who Loses?

Timmer, C.P. "Choice of Technique in Rice Milling on Java; Comment" and Reply". Ch 30 E/S.


E. Agricultural Credit and Microfinance


Besley, T. "How Do Market Failures Justify Interventions in Rural Credit Markets?," Ch 23 E/S.

Robinson, M.R. "Microfinance: The Paradigm Shift From Credit Delivery to Sustainable Financial Institutions" Ch. 24 E/S

**** Final Paper Due ****

**** Final Exam ****