

SoSe 2023/summer term 2023

Dr. Felicitas Nowak-Lehmann D.

**800218: Seminar on the Economic Situation of Latin America in the 21st Century:
'Trade-related and Macroeconomic Issues in Latin American (LA) Policy Making'**

Module: M.WiWi-VWL.0023.Mp

July 13-14, 2023

To be better able to foresee the demand for seminar places, we would like you to sign-up for seminars (not yet topics!) under the link

<https://survey.academiccloud.de/index.php/675269?lang=en>

until 31 March.

Slots will be allocated via lottery, you will be informed whether you received a slot on 3 April by Ann-Charline Weber.

Many thanks for your collaboration!

1. Organizational issues

Topic selection: Please register for the seminar for which you obtained a place in Stud.IP. Then preselect your preferred TOPIC via Stud.IP. In order to state your preference for a specific topic in Stud.IP, go to 'Participants' – 'Functions/Groups', and choose a topic by joining a group. Only one topic per person can be chosen. **Registration begins on April 11, 2023 (noon).**

The final allocation of topics will take place on **April 13 in the introduction meeting**. Topics are allocated according to a first come, first serve basis and by certain priority criteria¹.

Up to two students may work on the same topic. Each student, however, is required to write individual seminar papers. The seminar paper counts 2/3 towards the final grade).

In terms of presentations, students are encouraged to organize joint-presentations (with someone working on the same topic). Presentations should be created in a printer-friendly version (white background!). Presentation and participation in discussions count together 1/3 towards the final grade.

¹ You have a high priority if you are in the 4th or 5th semester in the MA program. Therefore, please state in your email 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.

Registration: Please register also in Flex Now to be formally enrolled in the seminar and be able to earn credits (see dates below). Withdrawal from the course after registration deadline in Flex Now is only possible with a medical certificate.

2. Important Dates

- 11-04-2022** Start of *preliminary* topic selection in Stud IP (at 12:00 (noon))
11-04-2022 FlexNow opens for enrollment and is open until **April 18, 2023**
13-04-2022 **Introduction meeting in OEC 0.168 and final allocation of topics**
30-04-2023 **April 18 is the last possible enrollment date in FlexNow (in order to earn credits!!)**
07-07-2023 Handing-in of seminar papers (send PDF via email to fnowak@uni-goettingen.de) no later than 12:00 (noon).
11-07-2023 Upload of power point presentations via Stud IP no later than 12:00/noon (folder for documents).

13-07-2023 (OEC 0.211) and 14-07-2023 (OEC 0.211) Block Seminar. Presence and full participation during the block seminar are required.

Office hours:

Felicitas Nowak-Lehmann
Wednesday, 11-12h

Please book appointment via Stud IP (right top corner in stud IP: WHAT ARE YOU LOOKING FOR: type 'Felicitas Nowak', click on 'Felicitas Lehmann Danzinger', click 'consultation hours' and select!

OEC 2.205, Tel: 0551 39-27487, fnowak@uni-goettingen.de.

3. List of topics

The introductory literature (listed below) is provided in this syllabus.

I. Inflation in Latin America

General literature:

IMF (2022). Latin America hit by one inflationary shock on top of another. IMF. Washington, D.C.

<https://www.imf.org/en/News/Articles/2022/04/15/cf-latin-america-hit-by-one-inflationary-shock-on-top-of-another>

Topic 1: The inflation experience of Latin America. Causes and types of inflation and strategies to combat inflation. A critical analysis

Appendido, M. (2021). Latin America's inflation challenge. IMF/Blogs

<https://www.imf.org/en/Blogs/Articles/2021/11/16/latin-americas-inflation-challenge>

IMF (2022). Latin America hit by one inflationary shock on top of another. IMF. Washington, D.C.

<https://www.imf.org/en/News/Articles/2022/04/15/cf-latin-america-hit-by-one-inflationary-shock-on-top-of-another>

II. Exchange rate regimes in Latin America and their tolerance towards stress

General literature:

Ghosh, A.R. and Ostry, J. D. (2009) Choosing an exchange rate regime. Finance and Development 46(4).

<https://www.imf.org/external/pubs/ft/fandd/2009/12/ghosh.htm>

IMF (2000). Exchange rate regimes in an increasingly integrated world economy. IMF. Washington, D.C.

<https://www.imf.org/external/np/exr/ib/2000/062600.htm>

Saylor Academy (2012). International Finance: Theory and policy. Open educational resources.

https://saylordotorg.github.io/text_international-finance-theory-and-policy/index.html

Topic 2: How do fixed exchange rate systems deal with stress (e.g. inflation, excessive capital outflows)? Theory and Latin America's experience (or case study of a specific Latin American country)

Saylor Academy (2012). Inflationary consequences of exchange rate regimes (Chap. 13.3), in: International Finance: Theory and policy. Open educational resources.

https://saylordotorg.github.io/text_international-finance-theory-and-policy/s16-03-inflationary-consequences-of-e.html

Topic 3: How do floating/flexible exchange rate systems deal with stress? Theory and Latin America's experience with quasi flexible exchange rates (or case study of a specific Latin American country)

Albagli, E., Calani, M., Hadzi-Vaskov, M., Marcel, M. and Ricci, L.A. (2020) Comfort in floating: Taking stock of twenty years of freely-floating exchange rate in Chile. IMF Working Paper No. 2020/100.

<https://www.imf.org/en/Publications/WP/Issues/2020/06/19/Comfort-in-Floating-Taking-Stock-of-Twenty-Years-of-Freely-Floating-Exchange-Rate-in-Chile-49513>

Saylor Academy (2012). Policy effects with floating exchange rates (Chap. 10), in: International Finance: Theory and policy. Open educational resources.

https://saylordotorg.github.io/text_international-finance-theory-and-policy/s13-policy-effects-with-floating-e.html

III. Trade strategies in Latin America

General literature:

Akman, S. et al. (2018) Mitigating the adjustment costs of international trade. T20_Argentina 2018. CARI (Consejo Argentina para las Relaciones Internacionales)

<https://www.g20-insights.org/wp-content/uploads/2018/07/Tf-7-7-1-AdjustmentCostsG20FormatMay232018-2.pdf>

Beaton, K., Cebotari, A. & Komaromi, A. (2017) Revisiting the link between trade, growth and inequality: lessons for Latin America and the Caribbean: IMF Working Paper WP/17/46.

<https://www.imf.org/en/Publications/WP/Issues/2017/03/09/Revisiting-the-Link-between-Trade-Growth-and-Inequality-Lessons-for-Latin-America-and-the-44732>

Topic 4: Latin America's main trade strategies: Protectionism and trade liberalization. Theoretical justifications and experience (outlined for the one specific country, e.g. Chile/Mexico/Argentina)

Irwin, D.A. (2020) Import substitution is making an unwelcome comeback. Peterson Institute for International Economics. Washington D.C.

<https://www.piie.com/blogs/trade-and-investment-policy-watch/import-substitution-making-unwelcome-comeback>

Cai, C. and Li, K. (2020) Trade and welfare effects of the great liberalization in Latin America and the Caribbean: a general equilibrium approach. IDB-DP-00742.

https://publications.iadb.org/publications/english/document/Trade_and_Welfare_Effects_of_the_Great_Liberalization_in_Latin_America_and_the_Caribbean_A_General_Equilibrium_Approach_en.pdf

Topic 5 : The case for selected trade protection. Theory and evidence for Latin America

Saylor Academy (2012). The case for selected protection (Chap. 11.4).in: International Economics: Theory and policy. Open educational resources.

https://saylordotorg.github.io/text_international-economics-theory-and-policy/s14-04-the-case-for-selected-protecti.html

III. Globalization: Consequences for domestic production

Topic 6: Reasons for de-industrialization in Latin America. Theoretical explanations and evidence

Castillo, M. and Martins, A. (2016) Premature deindustrialization in Latin America: ECLAC Series Production Development

Clark, D.P. (2018) Deindustrialization of Latin America and the Caribbean. *Journal of International and Global Economic Studies* 11(2): 1-14.

IV. Comparative advantage in Latin America

General literature:

Ross, M. L. (2015) What have we learned about the resource curse? The Annual Review of Political Science 18: 239-259.

<https://escholarship.org/content/qt8tp5x1hb/qt8tp5x1hb.pdf>

Van der Ploeg, F. (2011) Natural resources: curse or blessing? *Journal of Economic Literature* 49(2): 366-420.

<http://hdl.handle.net/10419/38934>

Topic 7 : Comparative advantage based on natural resources. How dangerous is this development model? The experience of Chile/Argentina

Mesquita Moreira, M. and Blyde, J. (2006) Chile's integration strategy: is there room for improvement? IDB (Intal-ITD) Working Paper 21.

<https://publications.iadb.org/publications/english/document/Chile-Integration-Strategy-Is-There-Room-for-Improvement.pdf>

Topic 8: New comparative advantage based on energy supply and rare-earth elements. Preliminary insights

Osborn, C. (2022) Chile bets big on green hydrogen. Foreign Policy.

<https://foreignpolicy.com/2022/04/22/chile-green-hydrogen-clean-energy-industry-investment-climate-change/>

REUTERS (2022). Chile signs agreement for green hydrogen production.

<https://www.reuters.com/business/sustainable-business/chile-signs-agreements-green-hydrogen-production-2022-05-26/>

Serpell, O., Paren, B. and Chu, W.-Y. (2021). Rare earth elements. Kleinman Center for Energy Policy. University of Pennsylvania,

<https://kleinmanenergy.upenn.edu/wp-content/uploads/2021/05/KCEP-Rare-Earth-Elements.pdf>