

SoSe 2024/summer term 2024

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 11-12, 2024

To be better able to foresee the demand for seminar places, we would like you to sign-up for seminars (not yet topics!). You will be informed about the link via the Economics Newsletter.

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 8, 2024 (noon).**

The final allocation of topics will take place on **April 11 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.

Registration: Please register also in FlexNow 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.

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

2. Important Dates

- 08-04-2024** Start of *preliminary* topic selection in Stud IP (at 12:00 (noon))
11-04-2024 FlexNow opens for enrollment and is open until **April 30, 2024**
11-04-2024 **Introduction meeting in room (TBA) and final allocation of topics**
30-04-2024 **April 30 is the last possible enrollment date in FlexNow (in order to earn credits!!)**
05-07-2024 Handing-in of seminar papers (send PDF via email to fnowak@uni-goettingen.de) no later than 12:00 (noon).
10-07-2024 Upload of power point presentations via Stud IP no later than 12:00/noon (folder for documents).

11-07-2024 (Room TBA) and 12-07-2024 (Room TBA) Block Seminar. Presence and full participation during the block seminar are required.

Office hours:

Felicitas Nowak-Lehmann

Wednesday, 11-12h

Please book your appointment via Stud IP (top right 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.

General literature:

Barro, R.J. (1989). Economic growth in a cross section of countries, NBER Working Paper 3120.

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

Mankiw, N.G., Romer, D. and Weil, D.N. (1992). A contribution to the empirics of economic growth. *Quarterly Journal of Economics*, 107(2): 407-437.

Saylor Academy (2012). Evaluating the controversy between free trade and protectionism. (Chap. 11). in: *International Economics: Theory and policy*. Open educational resources.

https://saylordotorg.github.io/text_international-economics-theory-and-policy/s14-evaluating-the-controversy-bet.html

Solow, R.M. (1956). A contribution to the theory of economic growth. *Quarterly Journal of Economics*, LXX: 65-94.

I. The role of domestic and external savings for economic development in the Global South

Topic 1: The role of domestic and external savings (development aid, remittances, foreign direct investment) in economic development. Theory and evidence from Latin America and other regions of the world

Aghion, P., Comin, D., Howitt, P. and Tecu, I. (2016). When does domestic savings matter for economic growth? *IMF Economic Review*, 64(3): 381-407.

Zardoub, A. and Sboui, F. (2023), "Impact of foreign direct investment, remittances and official development assistance on economic growth: panel data approach", *PSU Research Review*, Vol. 7 No. 2, pp. 73-89. <https://doi.org/10.1108/PRR-04-2020-0012>

Topic 2: Is foreign aid large enough to have an impact and can it really promote economic development?

Dalgaard, C.-J. and Hansen, H. (2010). Evaluating aid effectiveness in the aggregate: A critical assessment of the evidence. DANIDA Evaluation Department, Ministry of Foreign Affairs of Denmark.

Doucouliaagos, H. and Paldam, M. (2008). Aid effectiveness and growth: A meta study. *European Journal of Political Economy*, 24(1): 1-24.

Topic 3: What keeps aid from working?

Easterly, W. (2007). The white man's burden: Why the west's efforts to aid the rest have done so much ill and so little good. Oxford University Press.

Moyo, D. (2009). Dead aid. Why aid is not working and how there is a better way for Africa. Farrar, Straus and Giroux (fsg) books.

Sraieb, M.M. (2016). What is behind foreign aid ineffectiveness? *De Boeck Supérieur*, LV: 61-73. DOI 10.3917/rpve.552.0061

II. Dependence on foreign investors. The role of international capital markets and foreign direct investment (FDI)

Topic 4: How is China financing economic development in the Global South? Benefits and risks for the Global South

Tull, D.M. (2006). China's engagement in Africa: scope, significance and consequences. *Journal of Modern African Studies*, 44(3): 459-479.

Isaksson, A.-S. and Kotsadam, A. (2020). Chinese aid to Africa: Distinguishing features and local effects. *CESifo Forum* 2/2020, July, Volume 21.

<https://www.cesifo.org/DocDL/CESifo-Forum-2020-2-kotsadam-Isaksson-chinese%20aid.pdf>

Topic 5: Blessing and curse of Foreign Direct Investment. A critical assessment.

Caycedo, S. (2018). Foreign direct investment in developing countries. A blessing or a curse? Yale Environment Review. Yale University.

Long, M. A.; Stretesky, P. B.; and Lynch, M. J. (2017) Foreign direct investment, ecological withdrawals, and natural-resource-dependent economies. *Society & Natural Resources*. Pages 1261-1276. DOI: 10.1080/08941920.2017.1331483

Topic 6: Dependence on foreign capital and reversal of capital inflows. An explanation for emerging debt crises? The Latin American/Argentinean experience

Cavallo, E.A. (2019). International capital flow reversals. IDB Working Paper series No. IDB-WP-1040. Inter-American Development Bank, Washington D.C.

Levy Yeyati, E. (2020). After the default: Argentina's unsustainable '20/80' economy. Brookings, September 17, 2020.

<https://www.brookings.edu/articles/after-the-default-argentinass-unsustainable-20-80-economy/>

III. Reforming Trade Relations

Topic 7: Benefits and costs of building trade blocs. An analysis (prospects and risks) of the EU-Mercosur Free Trade Agreement

Müller, G. (2023). The EU-Mercosur deal is about more than trade. Carnegie Europe. November 16, 2023.

<https://carnegieeurope.eu/strategieurope/91029>

Saylor Academy (2012). Evaluating the controversy between free trade and protectionism. (Chap. 9.10). in: International Economics: Theory and policy. Open educational resources.

https://saylordotorg.github.io/text_international-trade-theory-and-policy/s12-10-economic-integration-free-trad.html

Topic 8: The new Latin America-Asia trade corridor. Are bilateral trade agreements the way forward?

Giordano, P. and Ortiz de Mendivil, C. (2019). Making the most of connectivity: unlocking the trade potential of Latin America and the Caribbean in Asia. IDB

<http://dx.doi.org/10.18235/0001598>; <https://publications.iadb.org/en/making-most-connectivity-unlocking-trade-potential-latin-america-and-caribbean-asia>

Sáez, S. and Valdés S., J.G. (1999). Chile and its “lateral” trade policy. CEPAL REVIEW 67. Comisión Económica para América Latina, Santiago de Chile.