

Seminar: 800031 WKLA II
Latin America at the turn of the 21st century
Crises and structural problems in Latin America
Module: M.WiWi.VWL.0024
20-21 JANUARY 2012

**The world economy at times of crisis:
How is Latin America (LA) affected?**

I. Trade liberalization talks at a standstill [Feli Nowak]

Topic 1: What are the issues of the Doha Round, what are the results and why does trade liberalization not come about? Describe and analyze the situation for Latin America (2 students)

Francois, J., van Meijl, H. and van Tongeren, F. (2005) Trade liberalization in the Doha Development Round. *Economic Policy*, April issue, pp. 349-391.

Krueger, A.O. (1998) Why trade liberalization is good for growth. *The Economic Journal* 108 (450), pp. 1513-1522.

II. Is the international competitiveness of Latin American economies declining? [Feli Nowak]

Topic 2: What are the issues, what are the prospects and what could be done to improve LA's competitiveness? (2 students)

Martins, J.O. and Price, T. (2001) International competitiveness in South America: Not as easy as ABC. IDB and OECD. 12th International Forum on Latin American Perspectives.

OECD (1997) Measures of international competitiveness. *OECD economic surveys* 1097 (141), p.27.

III. The food price bonanza and exchange rate volatility in world markets [Carlos Villalobos]

Topic 3: Why are world food prices so high and how does this hike affect LA? (2 students)

Topic 4: How do exchange rates/exchange rate regimes/exchange rate volatility impact on trade? Talk about developing countries in general or look at specific country experiences

McCalla, A. (2009) World food prices: causes and consequences. *Canadian Journal of Agricultural Economics* 57(1): 23-34.

De Hoyos, R.E. and Medvedev, D. (2009) Poverty effects of higher food prices: a global perspective. Policy research working paper No. 4887. World Bank. Washington D.C.

Qureshi, M. S. and Tsangarides, C.G. (2011) Exchange rate regimes and trade: is Africa different? Working Paper 14: WIDER, Helsinki.

Mukherjee, D. and Pozo, S. (2011) Exchange rate volatility and trade: a semiparametric approach. *Applied Economics* 43(13): 1617-1628.

IV. The global financial crisis and its impact on LA [Feli Nowak]

Topic 5: How did the global financial crisis start and how did it affect Europe and its banking system? (2 students)

Topic 6: How did the global financial crisis emerge and how did it affect LA capital markets and its banking system? (2 students)

Cetorelli, N. and Goldberg, L. S. (2010) Global banks and international shock transmission: evidence from the crisis. Staff reports/Federal Reserve Bank of New York No. 446. New York, NY.

Johansson, A.C. (2011) Financial Markets in East Asia and Europe during the global financial crisis. *The World Economy* 34(7): 1088-1106.

Vaisse, J. (2009) A rebound, not a break-up: the political implications of the economic crisis for the European Union. US-Europe Analysis Series May 20, 2009. Center on the United States and Europe at Brookings. Brookings Institution. Washington, D.C.

Antonio Ocampo, J. (2009) The impact of the global financial crisis on Latin America. CEPAL review No. 97: 9-33/United Nations, Economic Commission for Latin America and the Caribbean. New York, NY: Commission.

Jara, A., Moreno, R. and Tovar, C. E. (2009) The global crisis and Latin America: financial impact and policy responses. *BIS quarterly review* June 2009: 53-68. Bank for International Settlements. Basel: BIS.

V. The EURO zone crisis. What is different to crises experienced in Latin America? [Feli Nowak]

Topic 7: Is the crisis of Greece similar to the Argentine crisis of 2001/2002? Similarities and differences (2students)

Topic 8: Recommendations for Greece/Portugal/Italy/Spain to overcome the crisis starting from LA's experiences (pick one LA country, e.g. Mexico/Argentina/Chile); 2 students

De Grauwe, P. (2011) The financial crisis and the future of the euro zone. In: European Union and the economic crisis/ed. By Alexandre Defossez. Bruxelles: Larcier; p. 29-41.

Mongelli, F. P. and Wyplosz, C. (2009), "The Euro at Ten: Unfulfilled Threats and Unexpected Challenges", in: Bartosz Mackowiak, Francesco Paolo Mongelli, Gilles Noblet and Frank Smets (eds), The Euro at Ten – Lessons and Challenges, European Central Bank.
http://www.ecb.int/events/pdf/conferences/cbc5/Mongelli_Wyplosz.pdf?19850d78619b5a8badfd1c55eba1f98b

Sapir, J. (2011) Crisis of the euro zone and prospects of the euro. *Studies on Russian economic development* 22(3): 225-237.

Devlin, R. (1988) The evolution of the external debt problem in Latin America and the Caribbean. *Estudios e informes de la CEPAL* No. 72.

Dooley, M. P. (2000) Debt management and crisis in developing countries. *Journal of Development Economics* 63(1): 45-58.

Fiorucci, F. (2004) The Argentine crisis at the turn of the millenium: causes, consequences and explanations. *CEDLA Latin American Studies Series* No. 92.

Salmon, F. (2004) Latin America – absence of crisis is the limit of progress- Latin American bond markets are looking healthy but Argentina's debt restructuring will be high on the agenda at the Inter-American Development Bank meeting in Lima. *Euromoney*. London: Euromoney Publ. March: 74-83.

Lynn, Matthew (2011) *Bust: Greece, the euro and the sovereign debt crisis*. New York, NY: Bloomberg Press.

Mitsopoulos, M. and Pelagidis, T. (2011) *Understanding the crisis in Greece: from boom to bust*. Basingstoke, Hampshire[u.a.]: Palgrave Macmillan.

Mourmouras, I.A. (2011) Alternative strategies for Greece's exit from the economic crisis. In: The Konstantinos Karamanlis Institute for Democracy yearbook, p. 7-16.

Mylonas, H. (2011) Is Greece a failing developed state? Causes and socio-economic consequences of the financial crisis. In: The Konstantinos Karamanlis Institute for Democracy yearbook, p. 77-88.

VI. Large current account deficits and large net capital inflows [Carlos Villalobos]

Topic 9: Compare the situation of the US economy with the situation of Chile in 1982/or Mexico in 1994/or Argentina 2001.

Calderón, C., Chong, A. and Loayza, L. (1999) Determinants of current account deficits in developing countries. *Working Paper* No. 51. Banco Central de Chile.

Kim, S. and Roubini, N. (2008) Twin deficit or twin divergence? Fiscal policy, current account, and real exchange rate in the U.S.. *Journal of international economics* 74(2): 362-384.

Pastor, M. (1989) Current account deficits and debt accumulation in Latin America: debate and evidence. *Journal of Development Economics* 31(1): 77-97.

Organisational stuff:

**Please send your preferences for a topic to:
fnowak@uni-goettingen.de!**

**Introductory session and final allocation of topics:
31 October 2011, 13-14h, OEC Room 1.162**

**Last possible course enrollment:
15 November 2011.**

**Handing-in of seminar papers:
13 January 2012 (12h), 2 hard copies**

**Sending of power point presentations:
18 January 2012 (12h) in PPT- or PDF-format, not in pptx-format!**

The BLOCK SEMINAR takes place: 20-21 January, 2012.

**Location/room on first day: VG 3.105
Location/room on second day: MZG 1213**

Office hours:

Feli Nowak-Lehmann
Wednesday, 10-11h, OEC 2.205, Tel: 39-7487, fnowak@uni-goettingen.de

Carlos Villalobos
Send e-mail for an office hour appointment, OEC 2.145; Tel. 39-8167, cvillal@uni-goettingen.de