

## CSS320 Junior Economics Tutorial: Topics in Latin American Economic History

Spring 2025

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| <b>Instructor:</b>    | César Castillo-García (he/him)   | <b>Time:</b> F, 2:00 - 4:00 pm    |
| <b>E-mail:</b>        | <a href="mailto:ccastillogar@wesleyan.edu">ccastillogar@wesleyan.edu</a> | <b>Classroom:</b> PAC116          |
| <b>Student Hours:</b> | MW 11:00 am-12:30 pm, by appt (email)                                    | <b>Professor's Office:</b> PAC314 |

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### Course description

In most historical accounts, Latin America has been cited as an example of underdevelopment, institutional instability, and external dependence. However, these perspectives often oversimplify its complex political economy. This tutorial will focus on macroeconomic policies in post-1950s Latin America from a historical perspective along with structural elements that have shaped the economies in the region. Specifically, we will address three key issues. First, we will analyze the long-standing debate on Latin American economic development, which revolves around the two paradigms of import substitution industrialization (ISI) and export-led growth. Second, we will examine the management of economic crises in the region, highlighting two major challenges: the tendency of Latin American economies to experience high inflation and restrictions on the balance of payments. Finally, we will explore the predominance of informal labor, analyzing how it directly relates to the inability of Latin American governments to achieve full employment. In summary, the tutorial will provide a comprehensive overview of the historical roots of persistent heterogeneity and extreme inequality within the socioeconomic structure of Latin America.

### Content

1. Introduction: Latin American Economic History in the 20th Century
  - Methods and Approaches
  - Development Economics vs. Economic History
2. Recovery and Development: Inward-Looking Growth Model (1945-1970)
  - Structural Developments and the Postwar: Trade and Industrial Policy
  - The Bretton Woods Agreements, Financial Institutions, and Central Banking

- Import Substitution Industrialization (ISI)
  - Patterns of Modernization: Redistribution, Urbanization, and the New Middle-Class
  - Foreign Aid and Anti-Communist Developmentalism (fomento)
3. Crisis and Dependence: Debt Crisis and Export Oriented Growth (1970-1990)
- Balance of Payments Constraints, Fiscal Disequilibrium and Financial Repression
  - The Impact of the Oil Crisis (1970-1980)
  - The Lost Decade and Hyperinflation (1980-1990)
  - Strategies of Stabilization: Washington Consensus versus Heterodox Shock
  - Neoliberal Authoritarianism and Populism (1970s and 1990s)
4. Topic 1 - Technocratic Networks in Latin American Development
- Latin American Technocracy in Bretton Woods
  - Structuralism and Development - Economic Commission for Latin America (ECLAC)
  - Developmentalism and State-Building: the Mixed Economy
  - Latin American Neoliberalism - Technocrats and Businessmen for a Free Market Economy
5. Topic 2 - "The Most Unequal Region in the World"
- The Colonial Heritage vs. 20th Century Capitalism
  - Structural Heterogeneity and Long-run Income Inequality
  - Rent- or Profit-Seeking? Economic Elites, and the Latin American Top Rich
6. Topic 3 - Informal Labor in Latin America
- Relative Surplus Population and the Dual Economy
  - Marginal Pole and the Informal-Formal Sector Relationships
  - Informality and the Legalist Interpretation
7. Topic 4 - The Persistence of Commodity-led Accumulation
- Super cycles of Commodity Prices and the 2000s Commodities Boom
  - Latin America's Financial Resilience? (Post-2008 Crisis)
  - Neo-Extractivism and the Economic Policies of the Latin American Pink-Tide

## Learning objectives

- Students will be able to place the evolution of the Latin American economy within the broader context and phases of global capitalist development in the twentieth century.
- Students will be able to distinguish the main approaches utilized in economic history, including neoclassical development economics, dependence theory, economic structuralism, Marxism, the Annales School, and the New Economic History (i.e., cliometrics).
- Students will be able to explain the determinants of long-term development in Latin America, based on an analysis of historical statistics and an understanding of institutions.
- Students will be able to identify the key differences between the two historically dominant development strategies in Latin America discussed in the literature: Import Substitution Industrialization (ISI) and Export-led Growth.
- Students will be able to critically discuss evidence in development economics and macroeconomics as well-informed citizens, rather than limiting themselves to a technocratic approach that overlooks the importance of politics and institutions in economics.

## Student hours policy

Office hours are held in person according to the schedule indicated above. If a student has difficulty meeting the professor during these times, an appointment can be scheduled either in person or via Zoom. To arrange this, please email the professor at least two days in advance. Note that weekdays are not available for these meetings.

**Grading scale:** In this course, I use a scale 1-5. The scale comprises the following brackets: 4.5 = A, 4.0 = A-, 3.7 = B+, 3.3 = B, 3.0 = B-, 2.7 = C+, 2.3 = C, 2.0 = C, 1.7 = D +, 1.3 = D, 1.0 = D-.

## Final grade calculation

- Class Participation (20%)
- Response Papers (20%)
- Student Presentation (20%)
- Research Paper (40%)

## Assignments

- **Class participation:** The tutorial sessions are designed based on the principle that each student is both a researcher and a citizen, bringing valuable ideas to the discussion of public affairs. The goal of this format is to foster a safe and supportive environment for collaborative knowledge-building. Contributions in class will be rooted in the course readings, but students are encouraged to integrate additional literature and their own knowledge to enrich the discussions. **Student participation in the tutorial session will account for 20% of the final grade.**
- **Response Papers:** Before each tutorial session (including the first one), students are required to submit a response paper (two to three pages; 1 inch margins; 12 point font; double-spaced; in doc or pdf format) based on the reading for that session. The response paper is **due at noon on Thursdays, the day before the tutorial** so that the instructor has time to read them before class. The response papers must engage with specific points made in the readings for each week. Focus questions for the response papers are listed at the end of the syllabus.
- **Student Led Discussion - Presentations:** During the tutorial, each student will be required to lead the discussion of one reading. The student leading a discussion should come to class prepared to give a 10- to 15-minute presentation summarizing the paper. Many students find using slides for their presentation to be helpful, but they are not required.  
  
During the first tutorial session, a list of readings and presentation dates will be provided to the class. Students will be ordered at random and sign up for which paper/date they will present. The readings are of varying length and degree of difficulty. The instructor's expectations regarding the content of the student presentation will vary accordingly. Students will be graded on their presentation and preparedness to lead the class discussion.
- **Research paper:** on the last day of class, students are required to hand in a 15 to 20-page research paper (pdf or doc; format; 1 inch margins; 12 point font; double-spaced; excluding reference list, tables, and figures). The paper should address a single topic related to the materials that are covered in the tutorial. From day one, you should be jotting down possible research topics. Although this is only a very partial list of possibilities, here are some broad areas to consider:
  - Inward-Looking Development and Import Substitution Industrialization
  - Export Oriented Growth and Economic Dependence
  - Lost Decade and Debt Crisis
  - Technocrats and Macroeconomic Policies

- Structural Heterogeneity and Inequality
- Commodity Boom Cycles and Dutch Disease
- Informal Employment and Marginality
- Inequality and Extractivism

By week three, you should have selected a broad topic area. At that point, you should begin to narrow your focus. In doing so, you can consider the following questions: What will be the narrative you follow? Will you explore a specific country or will you use a cross-country approach? Will you address a single problem or will it be required to consider a range of related problems? Will you investigate the history of a specific economy policy or evaluate the economic outcomes of competing options? All papers should start with addressing What is your specific question and what debates in the literature have motivated your interest in this question?

The sources used in writing your paper should be clearly documented. Refer to a source in the text using the “author, year” convention, (e.g. Smith, 1776). Provide a list of references at the end of the paper alphabetized by author’s last name. All papers should use a structure that is made clear to the reader through the use of headings and subheadings.

There will be two intermediate assignments due related to the research paper:

- Before class in Week 3, students should submit a one-page description of their paper topic. You should describe the area that you will write about and report the events, country(ies), problem(s) or policy(ies) of interest if applicable. Provide at least five sources, including at least two from economics and Latin American studies journals, that you have consulted. This item will not be graded, but failing to pass it in on time will result in a reduction of one grade on the final paper (e.g. an A- becomes a B+).
- Before class in Week 5, students should submit a two to four-page progress report. At the end of that report, append an outline showing the major headings and subheadings that you might use to structure your paper. Provide at least ten sources, including at least five from economics and Latin American studies journals, that you have consulted. This item will not be graded, but failing to pass it in on time will result in a reduction of one grade on the final paper (e.g. an A- becomes a B+).

### **Honor code**

Please be aware that, according to the Wesleyan University Honor Code (<https://www.wesleyan.edu/studentaffairs/studenthandbook/honor-code.html>):

1. It is prohibited to submit any work that is not your own original creation.
2. You may not submit the same work for academic credit in more than one course or assignment.
3. You must not be involved in the willful falsification of data or citations.
4. You must not deceive adherence to the conditions set by the instructor.

If a student fails to adhere to any of the aforementioned practices, they will be reported to the Vice President for Student Affairs and the Student Honor Board.

### **Disability Services**

Wesleyan University is committed to ensuring that all qualified students with disabilities have the same opportunity to participate in and benefit from its programs and services. **Please contact Accessibility Services as soon as possible if you need accommodations for classes and evaluations.** If you have a disability or think that you might have a disability, please contact *Accessibility Services* in order to arrange an appointment to discuss your needs and the process for requesting accommodations. *Accessibility Services* is located in North College, room 021, and can be reached by email ([accessibility@wesleyan.edu](mailto:accessibility@wesleyan.edu)).

### **Healthcare services**

In case of any physical or mental health problem, find resources and assistance from the university's health services. Wesleyan's Health Services are located in the Davison Health Center (327 High Street) and could be reached to the phone 860-685-2470. Wesleyan's Counseling and Psychological Services can be reached at the 2nd floor of the Davison Health Center and at the New Satellite Location in 267 William Street and can be reached to [counseling@wesleyan.edu](mailto:counseling@wesleyan.edu).

## Schedule

| Session      | Topic   | Readings   | Deliverable                                      |
|--------------|---|--|--|
| January 24th | Introduction: Latin American Economic History in the 20th Century             | Bulmer-Thomas (2014) Ch. 1-2; Bértola and Ocampo (2012) Ch. 1-2; Thorp (1999) Ch. 3-4; Stein and Hunt (1971); Coatsworth and Summerhill (2010); Bértola and Rodríguez Weber (2016)   | <b>Response Paper</b>                            |
| January 31st | Recovery and Development: Inward-Looking Growth Model (1945-1970)             | <b>Bulmer-Thomas (2014) Ch. 7-9</b> ; Bértola and Ocampo (2012) Ch. 4; Thorp (1999) Ch. 5-6; De Oliveira and Roberts (1998) (pp. 253-67); Long and Roberts (1998) (pp. 348-68); Baer (1972); Thorp (1992); Whitehead (1970); Taffet (2007) Ch. 1-3, Appendix A | <b>Response Paper</b>                            |
| February 7th | Crisis and Dependence: the Lost Decade and Export Oriented Growth (1970-1990) | Bulmer-Thomas (2014) Ch. 10-12; <b>Bértola and Ocampo (2012) Ch. 5-6</b> ; Street (1978); Devlin and French-Davis (1995); Dornbusch and Edwards (1990); Goldfajn, Martínez and Valdés (2021); Thorp (1987)   | <b>Response Paper &amp; Research Paper Topic</b> |

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|---------------|---|--|--|
| February 14th | Technocratic Networks in Latin American Development | Helleiner (2014) Ch. 3-6;<br><b>Fajardo (2022) Ch. 1-3;</b><br>Offner (2019) Ch. 1-5;<br>Flores Zendejas (2021);<br>Galindo Domínguez (2024)           | <b>Response Paper</b>                                      |
| February 21st | “The Most Unequal Region in the World”              | <b>Sánchez-Ancochea (2020) Ch. 2-4, 6-7;</b> Bértola and Williamson (2017) Ch. 1-3; Williamson (2010)  | <b>Response Paper &amp; Research Paper Progress Report</b> |
| February 28th | Informal Labor in Latin America                     | Cole and Sanders (1972); Nun (1979); Quijano (1974); Tokman (1978);<br><b>Portes (1985); De Soto (1989) Ch. 1, 3, 5;</b> Perry et al. (2007) Overview. | <b>Response Paper</b>                                      |
| March 7th     | The Persistence of Commodity-led Accumulation       | Ocampo (2017); Erten and Ocampo (2012); Ocampo (2009); Veltmeyer (2016); Warnecke-Berger, Burchardt and Dietz (2023)                                   | <b>Response Paper &amp; Final Research Paper</b>           |

## References

### Required Texts

- Bértola, L. and J. Ocampo (2012) *The Economic Development of Latin America since Independence*. Oxford: Oxford University Press.
- Bulmer-Thomas V. (2014), *The Economic History of Latin America since Independence*. Cambridge: Cambridge University Press.
- Sánchez-Ancochea D. (2020) *The Costs of Inequality in Latin America: Lessons and Warnings for the Rest of the World*. London and New York: I.B. Tauris.

- Thorp R. (1998) *Progress, Poverty and Exclusion. An Economic History of Latin America in the 20th Century*. Washington, D.C.: Inter American Development Bank.

### **Additional Texts**

- Baer, W. (1972) "Import Substitution and Industrialization in Latin America: Experiences and Interpretations." In: *Latin American Research Review*, vol. 7, num. 1, pp. 95–122.
- Bértola, L. and J. Rodríguez Weber (2016) "Latin American Economic History: Looking Backwards for the Future." In: F. Boldizzoni, and P. Hudson (eds.), *Routledge Handbook of Global Economic History*. Oxon, UK and New York: Routledge, pp. 329-42.
- Bértola, L. and J. Williamson (2017) *Has Latin American Inequality Changed Direction?. Looking Over the Long Run*. Cham: Springer International Publishing AG.
- Coatsworth, J. and W. Summerhill (2010) "The New Economic History of Latin America: Evolution and Recent Contributions." In: J. C. Moya (ed.), *The Oxford Handbook of Latin American History*. Oxford, Oxford University Press, pp. 407–23.
- Cole, W. and R. Sanders (1972) "A Modified Dualism Model for Latin American Economies." *The Journal of Developing Areas*, vol. 6, num. 2, 185-198.
- De Soto, H. (1989) *The Other Path. The Economic Answer to Terrorism*. New York: Basic Books.
- De Oliveira, O. and B. Roberts (1998) "Urban Social Structures in Latin America, 1930-1990." In: L. Bethell (ed.), *Latin America: Politics and Society since 1930*. New York: Cambridge University Press, pp. 241-312.
- Devlin, R. and R. Ffrench-Davis (1995) "The Great Latin America Debt Crisis: a Decade of Asymmetric Adjustment." In: *Brazilian Journal of Political Economy*, vol. 15, num. 3 (59), pp. 418-45.
- Dornbusch, R. and S. Edwards (1990) "Macroeconomic Populism." In: *Journal of Development Economics*, num. 32, pp. 247-77.
- Erten, B. and J. Ocampo (2012) *Super-Cycles of Commodity Prices since the Mid-Nineteenth Century*, UN/DESA Working Paper No. 110, February.
- Fajardo, M. (2022) *The World that Latin America Created. The United Nations Economic Commission for Latin America in the Development Era*. Cambridge, MA: Harvard University Press.

- Flores Zendejas, J. (2021) "Money Doctors and Latin American Central Banks at the Onset of the Great Depression." In: *Journal of Latin American Studies*, vol. 53, num. 3, pp. 429-63.
- Galindo Domínguez, J. (2024) "Latin American Neoliberalism, a Transnational Class Project?." In: *The Latin Americanist*, vol. 68, num. 2, pp. 219-43.
- Goldfajn, I., L. Martínez and R. Valdés (2021) "Washington Consensus in Latin America." In: *The Journal of Economic Perspectives*, vol. 35, num. 3, pp. 109-32.
- Helleiner, E. (2014), *Forgotten Foundations of Bretton Woods: International Development and the Making of the Postwar Order*. Ithaca and London: Cornell University Press.
- Long, N. and B. Roberts (1998) "The Agrarian Structures of Latin America, 1930-1990." In: L. Bethell (ed.), *Latin America: Politics and Society since 1930*. New York: Cambridge University Press, pp. 313-80.
- Nun, J. (1979) "Dismissals in the Argentine Automobile Industry: A Case Study of the Floating Surplus Population." In: *Labour, Capital and Society*, vol. 12, num. 1, pp. 6-69.
- Ocampo, J. (2009) "Latin America and the Global Financial Crisis." In: *Cambridge Journal of Economics*, vol. 33, num. 4, pp. 703-24.
- Ocampo, J. (2017) "Commodity-led Development in Latin America." In: G. Carbonnier, H. Campodónico, and S. Tezanos Vásquez (eds.), *Alternative Pathways to Sustainable Development: Lessons from Latin America*. Leiden and Boston: Brill, pp. 51-76.
- Offner, A. (2019) *Sorting Out the Mixed Economy. The Rise and Fall of Welfare and Developmental States in the Americas*. Princeton and Oxford: Princeton University Press.
- Perry, G., W. Maloney, et al. (2017) *Informality: Exit and Exclusion*. Washington, D.C.: World Bank.
- Portes, A. (1985) "Latin American Class Structures: Their Composition and Change During the Last Decades." In: *Latin American Research Review*, vol. 20, num. 3, pp. 7-39.
- Quijano, A. (1974) "The Marginal Pole of the Economy and the Marginalized Labour Force." In: *Economy and Society*, vol. 3, num. 4, pp. 393-428.
- Stein, S. and S. Hunt (1971) "Principal Currents in the Economic Historiography of Latin America." In: *The Journal of Economic History*, vol. 31, num. 1, pp. 222-53.

- Street J. (1978) "Latin American Adjustments to the OPEC Crisis and the World Recession." In: *Social Science Quarterly*, vol. 59, num.1, pp. 60-76.
- Taffet, J. (2007), *Foreign Aid as Foreign Policy: The Alliance for Progress in Latin America*. Oxon, UK and New York: Routledge.
- Thorp, R. (1987) "The APRA Alternative in Peru: Preliminary Evaluation of Garcia's Economic Policies." In: *Bulletin of Latin American Research*, vol. 6, num. 2, pp. 163-82.
- Thorp, R. (1992) "A Reappraisal of the Origins of Import-Substituting Industrialisation 1930-1950." In: *Journal of Latin American Studies*, vol. 24, Quincentenary Supplement, pp. 181-95.
- Tokman, V. (1978) "Informal-Formal Sector Interrelationships. An Exploration into Their Nature." In: *CEPAL Review*, num. 5, pp. 99-134.
- Veltmeyer, L. (2016) "Extractive Capital, the State and the Resistance in Latin America." In: *Sociology and Anthropology*, vol. 4, num. 8, pp. 774-84.
- Warnecke-Berger, H., H. Burchardt and K. Dietz (2023) "The failure of (neo-)extractivism in Latin America – explanations and future challenges." *Third World Quarterly*, vol. 44, num. 8, 1825-43.
- Whitehead, L. (1970) "Aid to Latin America: Problems and Prospects." In: *Journal of International Affairs*, vol. 24, num. 2, pp. 181-202.
- Williamson, J. (2010) "Five Centuries of Latin American Inequality." *Revista de Historia Económica / Journal of Iberian and Latin American Economic History*, vol. 28, num. 2, 227-252.

#### Online resources:

- **CEPALSTAT - Database of the Economic Commission for Latin America and the Caribbean:** <https://statistics.cepal.org/portal/cepalstat/index.html?lang=en>
- **Inter-American Development Bank Open Data Catalog:** <https://mydata.iadb.org/>
- **World Bank's World Development Indicators:** <https://databank.worldbank.org/source/world-development-indicators>
- **Latin American Electronic Data Archive (LAEDA):** <https://hdl.handle.net/2152/16309>
- **Latin American Network Information Center:** <http://lanic.utexas.edu/la/region/statistics/>

## Appendix. Focus Questions for Response Papers:

- For week 1:
  1. What was the nature of the ISI model in Latin America and how did it relate to the global development of capitalism in the twentieth century?
  2. What are the main differences between ISI before 1945 and ISI during the 1950–1960 period, and what modernization policies were included in the latter?
  3. What role did foreign aid play in promoting long-term growth and modernization in postwar Latin America, and how did the United States use it as a tool to foster stability and assert control over the region?
  4. **As you read, jot down questions for possible paper topics. List 3 to 4 of those questions at the end of your response paper for this week.**
  
- For week 2:
  1. What were the main structural effects of the 1970s international capitalist crisis in Latin American economies and how did they trigger the 1980s Debt Crisis and the decline of the ISI model?
  2. What was the orthodox solution to the Lost Decade, and was it contested by alternative recovery policies? What were the political implications of each approach?
  3. Did the mix of export-oriented growth and structural adjustment achieve economic stability and foster economic modernization?
  4. **Again, while reading, jot down questions for possible paper topics. List 3 to 4 of those questions at the end of your response paper.**
  
- For weeks 3-7: In these weeks you have more leeway to design your own focus. Feel free to **choose among** questions 1-5. **Everyone must complete question 6.**
  1. Do the readings suggest major areas of agreement? On what issues?
  2. Are there major points of contention? What are they?
  3. Do the readings cast any new light on our prior discussions? How so?
  4. Which arguments do you find most compelling and why?
  5. What struck you as particularly interesting and worthy of further thought, discussion or investigation?
  6. **List a few possible ways to narrow your chosen paper topic.**