

(PALAS 332) - Economic Integration in Latin America

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Program in Argentine and Latin American Studies

Universidad de Belgrano

Course Syllabus 2015 1

Course Information

T Th 16:00-17:30 PM

Instruction in English

Contact Information

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Course Description

Informed by knowledge economy, this course will study how Latin American countries individually and as a region have adapted quickly and wisely to external changes in order to compete in the globalized world. The new setting requires highly educated and talented people and dynamic economies that go beyond their traditional borders in order to benefit from social, cultural and geographical proximity. In this context in 1985, Argentina, Brazil, Paraguay, and Uruguay (recently Venezuela joined them) created Mercosur in the belief that an integration process was needed to reconfigure industries and trade, coordinate policies and promote the insertion of its productive sector to the world's economy. This course will provide a truly comprehensive perspective that will enable the students to analyze and understand the integration processes in the Southern Cone and how it is helping regional economies to compete globally. In the current world crisis scenario, Mercosur's industrial and commercial diversification through horizontal integration and cooperation can serve as a case study of sorts to re-think regional development.

Course Requirements

Class attendance is required of all students at UB. A 75% attendance to classes is mandatory to keep the regular student status. An electronic system keeps track of attendance. Students have to slide an electronic card every class to comply with the attendance policy. Class participation is very important; there will be several class discussions, which will rely heavily on student participation. Students are expected to conduct research for the final paper and consult the digital library (EBSCO) for that purpose. UB holds to the view that plagiarism constitutes intellectual theft and is a serious breach of acceptable conduct. Any student caught plagiarizing will immediately be given a "no credit" for all courses taken in the semester. There will be no make ups for classes falling on public holidays.

*For a better understanding of the comparable table for grading: check the student handbook in orientation kit packet.

Grading Policy

Participation	10 %
Paper presentation (oral & written)	30 %
Midterm	25 %
Final Exam	35 %

Required Textbooks and Materials

Luis Argüero, ed. *Course Reader*

Academic Calendar

Week 1

Tuesday March 10

Introduction. Presentation of the course

Thursday March 12

The importance of integration in the current world scenario. Peace through integration. The three waves of regionalism.

Week 2

Tuesday March 17

Preferential Trade Agreements. Agreements and trade. Trade and poverty.

Thursday March 19

The economics of knowledge. Innovation and intangible capital. Creative destruction. Technological progress in economic growth. Knowledge as a non rival and partially excludable good. Monopoly and competition.

Week 3

Tuesday March 24: National holiday

Thursday March 26

Social and private rates of return to investments in education and R&D. Mapping R&D activity. Technological capabilities of Latin American countries. Exports according to technological intensity. From cultural to social and economic integration.

Week 4

Tuesday March 31

NAFTA, ASEAN. Complementing industrial capabilities towards competing globally. Andean Community of Nations. Pacific Alliance. South-South

cooperation and trade. Inter-regional integration: crossing borders and avoiding capitals' mediation. Silicon Belt in Japan-Korea-Taiwan-HK-Singapore.

Thursday April 2: National holiday

Week 5

Tuesday April 7

The four stages of Mercosur. The entrance of Venezuela and energy needs. ZICOSUR: A new kind of regional cooperation?

Thursday April 9

Commercial relations of Latin America with the USA and Europe. The failed ALCA and the retreating influence of the USA in the region. ALBA and the integration of "leftist" governments.

Week 6

Tuesday April 14

Summit of the Americas in Mar del Plata. The boom of commodities and new axes of power. 2008 crisis and its aftermath in the region.

Thursday April 16

How to integrate neighboring economies through cooperation. The case of the automobile industry in Latin America.

Week 7

Tuesday April 21

Trade with Asia. Entering the Asian market. Asian integration and Latin America. ¿Threat or opportunity?

Thursday April 23

Review for the exam

Week 8

Tuesday April 28

Midterm exam

Thursday April 30

Pacific Alliance (Peru, Mexico, Colombia, Chile): From free trade to harmonization of policies.

Week 9

Tuesday May 5

Energy: Reserves, tendencies and countries' strategies in the 21st Century. Integration in the energy sector.

Thursday May 7

Capital flows from 1990 to 2013. Managing business in South America: where do multinational companies establish? [Inquiries about group work.](#)

Week 10

Tuesday May 12

Migrations: the three waves of migration in Latin America. Current trends and future perspectives.

Thursday May 14

Managing conflicts. Cases in South America: Botnia conflict (Uruguay & Argentina), Landlocked Bolivia and its access to the Pacific Ocean.

Week 11

Tuesday May 19

Oral presentations (2 x 40')

Thursday May 21

Oral presentations (2 x 40')

Week 12

Tuesday May 26&28

FDI and its effects in developing economies. Flows of FDI to South America. Main areas of inward FDI. Region's potentials. Outward FDI.

Week 13

Tuesday June 2 & 4

Exports of finished products from South America. Largest companies by country. Moving up the value chain.

Week 14

Tuesday June 9

Open discussion: Latin America in the 21st Century's economy: trade and cooperation. Review for the final exam.

Thursday June 11

Review for the Final Exam

Week 15

"Students holding a *tourist visa* will not be allowed to take final exams, they have to go to the 17 Floor to clear the hold"

Tuesday November 4

Final Exam

Thursday November 6

Final Grade Sheet and signature of "Hoja de situación" (attendance is mandatory).

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- Capannelli, G., Lee, J-L., Petri, P.A. (2010), "Economic interdependence in Asia: Developing indicators for regional integration and cooperation", *The Singapore Economic Review*, Vol.55, No.1, pp. 125-161.
- Cardim de Carvalho, F.J. (2009), "Economic integration and development in Latin America: Perspectives for Mercosul", *Journal of Post-Keynesian Economics*, Vol. 32, No. 2, pp. 235-247.
- Durand, J. (2009), "Processes of migration in Latin America and the Caribbean", Human Development Research Paper 09/24, UNDP.
- ECLAC (2014), "Foreign Direct Investment in Latin America", United Nations Publications, Santiago de Chile.
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- Florida, R. (2008), *Who's your city?*. Basic Books, Nueva York.
- Foray, D. (2006), *The Economics of Knowledge*. MIT Press, London.
- Gardini, G. L. (2011), "MERCOSUR: What you see is not (always) what you get", *European Law Journal*, Vol.17, No.5, pp. 683-700.
- Herreros, S. (2011), "The Trans-Pacific strategic economic partnership agreement: A Latin American perspective", ECLAC – Serie Comercio Internacional, No. 106, 41 pages.
- Kuwayama, M. (2009), "Quality of Latin American industrialization and integration into the global economy", United Nations Publication, Chile.
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- Perry, N. an Schönerwald, C. (2012), "Institutions, Geography, and terms of trade in Latin America: An evaluation of the Washington Consensus", *International Journal of Political Economy*, Vol.41, No.1, pp- 66-94.
- WTO (2011), World Trade Report 2011.