

## Course name: Economic Integration in Latin America

- ✓ *Hours of Instruction per Week: 4*
- ✓ *Total weeks: 15*
- ✓ *Total Hours of Instruction: 60*
- ✓ *Courses transferable to ECTS*
- ✓ *Courses transferable to U.S. System*
- ✓ *Recommendation: Advanced written and spoken English*

### 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.

### Grading Policy

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

## Academic Calendar

### *Week 1*

Introduction. Presentation of the course

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

### *Week 2*

Latin America in the world economy: growth, development and trade.

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*

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*

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.

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

### *Week 5*

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

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*

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.

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

### **Week 7**

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

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

### **Week 8**

Review for the exam

### **Week 9**

Midterm exam

Energy: Reserves, tendencies and countries' strategies in the 21<sup>st</sup> Century. Integration in the energy sector. Sustainability and recent trends in the energy sector: solar energy in Chile, offshore oil in Brazil, Shale O&G in Argentina. Inquiries about group work.

### **Week 10**

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

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

### **Week 11**

Oral presentations (2 x 40')

### **Week 12**

Oral presentations (2 x 40')

FDI and its effects in developing economies. Flows of FDI to South America.

### **Week 13**

Main areas of inward FDI. Region's potentials. Outward FDI.

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

### **Week 14**

Open discussion: Latin America in the 21<sup>st</sup> Century's economy: trade and cooperation.

Review for the final exam.

### **Week 15**

Final exam

## Bibliography

- Baker, B. (2012), *Destination Branding for Small Cities* (2nd ed.), Creative Leap Books, Tualatin.
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- Durand, J. (2009), "Processes of migration in Latin America and the Caribbean", *Human Development Research Paper 09/24*, UNDP.
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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.
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- Laurssen, F. (ed.) (2010), *Comparative Regional Integration*, Ashgate.
- Perry, N. and 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*.