

# **World Poverty: An Introduction**

**INTL 102  
Fall 2016  
MW 11-12:20  
Robinson Auditorium**

**Stephan Haggard  
Graduate School of Global Policy and Strategy**

This class provides an inter-disciplinary introduction to world poverty by addressing several core questions:

1. What do we mean by poverty and related concepts such as inequality and vulnerability and how do we measure them?
2. What do we know about the long-run causes of divergence in the world economy: the gap between the well-off and emerging global middle class and the so-called “bottom billion” living on less than two dollars a day?
3. What can governments, NGOs and private actors do to address poverty?
4. What role do international actors have in mitigating poverty through aid and humanitarian interventions?
5. What moral obligations—if any—do we have to the poor and particularly the poor in other countries?

## **Required Readings and General Course Information**

The course maintains a website through [TED](#) that will provide all information of relevance to the course, including: a copy of the syllabus; readings; study questions; assignments, including the take-home midterm; lectures (in powerpoint and .pdf, posted the day before lecture); and study questions). The lectures are also podcast and can be downloaded [here](#). The class will also maintain a Facebook page (World Poverty UCSD).

*Required readings are to be read for the day assigned.*

Two books have been ordered for the course.

Paul Collier, *The Bottom Billion: Why the Poorest Countries are Failing and What Can be Done About It* (Oxford 2007). You will read almost all of this book, with chapters assigned throughout the quarter and many coming due on October 12; I suggest you get the book and start reading it soon.

You will also be required to read Aravind Adiga, *The White Tiger*, a novel about India that provides deep insight into the human dimensions of poverty.

## Evaluation

Your grade for the course will be determined by the following components:

1. Two 500-word essays on the readings for a class session of your choosing. You will commit to a particular topic in your first section meeting. The essay will outline some of the key issues and findings from the readings, with guidance from posted study questions and your teaching assistants. No outside research is required. Essays will be due in section the week of the assigned reading. 20%
2. Take-home midterm covering all lectures, readings and section discussions up until that point. 20%. The mid-term will be posted at the class website on October 26 (Wed)—it will not be handed out in class—and will be due in class on October 31 (Mon). Late mid-terms will be graded down one half grade per day.
3. Final examination. 40%
4. Short assignments, quizzes, participation and attendance in sections will count for 20%; attendance at sections is mandatory and will be monitored.

500 word essays and take-home midterm will be submitted through Turnitin.com in TED.

## Contact information

**Stephan Haggard**, Robinson Building Complex #1425, 534-5781. Office hours, Monday 1-3 and Tuesday 11-12 or by appointment. Sign-up sheet for office hours posted on office door the week before, but always feel free to drop in if my door is open.

Teaching assistants, sections and office hours

**Kurt Nguyen (MIA GPS) [qan002@ucsd.edu](mailto:qan002@ucsd.edu)**

A01 Mondays 3-3:50pm Asante 123C  
A02 Mondays 4-4:50pm Asante 123C  
Office hours, Wednesday 1-3 pm RBC 3131.

**Tim Jones (MIA GPS) [tj010@ucsd.edu](mailto:tj010@ucsd.edu)**

A03 Wednesdays 8-8:50am Asante 123B  
A04 Wednesdays 9-9:50am Asante 123B  
Office hours: Monday 1-2, Wednesday 10-11, RBC 3131.

**Heidi McNamara (PhD PS)**

A05 Thursdays 11-11:50am Asante 123B  
A06 Thursdays 12-12:50pm Asante 123B  
Office hours. Wednesdays 9-11, SSB 343

**Mariana Barbosa (PhD PS)** [macarval@ucsd.edu](mailto:macarval@ucsd.edu)

A07 Fridays 11-11:50am Asante 123B

A08 Fridays 12-12:50pm Asante 123B

Office hours, Friday 4-6, SSB 343.

### **Academic Integrity**

This class operates on an honor system. Students are expected to do their own work; this holds in particular for the writing assignments you have for the class and for the take-home midterm. Studying together in advance of assignments is welcome; working together on writing assignments is not. If you have any doubts about policy in this regard, please see <http://www-senate.ucsd.edu/manual/Appendices/app2.htm>

As noted, 500-word essays and the takehome will be submitted through Turnitin on TED.

## **I. Introduction: Concepts, Measurement, and Household Finances of the Poor**

**Sep 26 (Monday). Introduction to the Course and Measuring Poverty.** We begin with poverty, and with the simplest definition of it in terms of deprivation with respect to income and consumption. Where are the poor by this definition? What are the limitations on this approach, and what alternative measures might we consider?

Amartya Sen, *Development as Freedom* (Knopf, 1999), Chapter 4 “Poverty as Capability Deprivation.” What does Sen mean by the concept of “capability deprivation,” and why does he see it as a more useful indicator of poverty than monetary ones based on income or consumption?

[Global Multidimensional Poverty Index 2016](#). Look at the components of this index; why do you think there might be more poor people measured this way than by the World Bank income measure?

The World Bank, [Ending Extreme Poverty and Sharing Prosperity](#) (download .pdf at the bottom of the page), pp. 5-22; you can skip Box 1 on the details of purchasing power parity (PPP) unless it is of interest.

Background Brief #1, “Measuring Poverty.”

Lauren Feeny, “Living on \$2 a day in the US: Exploring extreme poverty in the US,” [PBS Newshour](#) December 2015.

**Assignment #1 handed out today, due in your section next week.**

**Sep 28 (Wednesday). Inequality.** In addition to poverty, we are also interested in the distribution of income and assets, or inequality. How do we measure inequality? What are some of the causes and consequences of inequality? Is inequality a bad thing and if so why?

World Bank, *World Development Report 2006*, “Focusing on Palanpur,” (pp. 26-27).

Background Brief #2, “Measuring Inequality.”

Harry G. Frankfurt, *On Inequality* (Princeton 2015), pp. 3-15.

“Land of the Free, Home of the Poor,” August 2011, [PBS on YouTube](#). This segment has an extraordinary finding about *perceptions* of inequality, based on work by behavioral economist Daniel Ariely. What are the implications of this study for how people view questions of inequality and what should be done about?

**Oct 3 (Monday). Vulnerability and Risk I: Definitions, Basic Strategies and the Role of Assets.** Both poverty and inequality are dynamic, and the poor suffer not only from a

current deprivation of income and assets but from a high degree of risk and vulnerability to destitution. What risks do the poor face, how do they cope with them, and what might be done to mitigate risk? Increasing central to this discussion is a growing focus not only income but assets.

**Assignment #1 due in your section this week.**

Mercedes Gonzalez de la Rocha and Alejandro Grinspun, “Private Adjustments: Households, crisis and work,” in Grinspun, ed., *Choices for the Poor: Lessons from National Poverty Strategies* (Bergen, CMI/UNDP 2001).

### **Oct 5 (Wed). Vulnerability and Risk II: The New Focus on the Finances of the Poor**

One of the most important developments in thinking about the poor is the recognition that they have complex finances, as the Collins video suggests. This raises the question of how to expand banking, insurance and other financial services to the poor.

Abhijit Banerjee and Esther Duflo, *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty* (New York: Public Affairs, 2011), Chapters 7 and 8, but read Chapter 8 first.

Daryl Collins, “\$2 a Day Living,” [YouTube](#).

## **II. Poverty and Inequality Viewed Globally**

**October 10 (Monday). Convergence and Divergence.** We begin this module by considering the distribution of income across the whole world. Are the gaps between rich and poor countries being narrowed (convergence) or are they widening (divergence)? What does the global distribution of income look like—and what do we mean by it?

Charles Kenny, “Why Are We Worried About Income? Nearly Everything that Matters is Converging,” *World Development* Vol. 33, No. 1, pp. 1–19, 2005.

Branco Milanovic, “Global Income Inequality by the Numbers: in History and Now,” World Bank Policy Research Working Paper 6259 (November 2012).

Branco Milanovic, “The Greatest Reshuffle of Individual Incomes since the Industrial Revolution,” July 2016 at [Vox](#).

**Assignment #2 handed out today, due in your section next week in section.**

**October 12 (Wednesday). Sources and Consequences of Economic Growth.** Growth is crucial for poverty alleviation; slowed growth and crises have adverse effects on poverty. This suggests that long-run growth performance is crucial for the distribution of world poverty, raising the question of why some countries grew rapidly while others have seen slow and erratic growth. One dominant explanation is that poor countries are caught

in “poverty traps.” Focusing on Paul Collier’s *Bottom Billion*, we consider several of these possible poverty traps.

Paul Collier, *The Bottom Billion*, Chapters 2-5.

Lane Kenworthy, “When Is Economic Growth Good for the Poor?” [Blog November 2010](#).

Background Brief #3. Understanding GDP (optional, but outlines how GDP is calculated and why it is important for poverty studies).

**October 17 (Monday). Do Poverty Traps Really Exist?** No sooner had Collier’s book appeared than Africa appeared to be on the move, growing rapidly during the boom decade of the 2000s and managing to fare reasonably well in the aftermath of the Global Financial Crisis of 2007-8. Does the African experience suggest that the “poverty traps” approach is too pessimistic, indeed perhaps even a caricature?

McKinsey Global Institute, *Lions on the Move: the Progress and Potential of African Economies* (2010).

Dominic Barton and Acha Leke, [Three Reasons Things Are Looking Up for African Economies](#), World Economic Forum, May 2016.

Charles Robertson, Africa’s Next Boom, [TED Talk](#)

*Assignment #2 posted, due in your section next week in section.*

### **III. Public Policy and Politics**

**Oct 19 (Wednesday). What Can the Government Do?** It is clear that the government plays a critical role in poverty reduction, whether through policy reform, through the budget and spending, and through more targeted interventions. We begin with a consideration of some of the tools the government might use to alleviate poverty.

World Bank, *World Development Report 2000/2001: Attacking Poverty*, Chapter 5.

**Oct 24 (Monday). What Does the Government Do?** Once we start to talk about governments, we have to consider politics as well: not what the government *should* do, but whether it has political incentives and capabilities to do it. These concerns have grown in recent years, and crystallized around the concept of “governance.” However, governance means many things, from rule of law to participation, civil society, controlling corruption and even democracy itself. An important question is what role if any outside actors play in advancing a “governance” agenda.

*Assignment #2 due in your section this week.*

Daron Acemoglu and James A. Robinson, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty* (Crown, 2012), ch. 3.

Janelle Plummer, “Water and Corruption: A Destructive Partnership,” in Transparency International, *Global Corruption Report 2008* (Cambridge University Press), pp. 3-15.

Poverty Action Lab, “Giving the People What They Want” [J-Pal Briefcase May 2012](#).

**October 26 (Wednesday). A Case Study in Growth and Public Policy: The Chinese Case** (guest lecture by Prof. Barry Naughton, Graduate School of Global Policy and Strategy)

A significant share of the decline in all world poverty over the last two decades is the result of developments in two countries: China and India. The decline in poverty was particularly rapid in China, even as inequality has been rising. How do we explain the Chinese case?

Albert Park and Sangui Wang, “Poverty” in Shenggen Fan et al, eds. *The Oxford Companion to the Economics of China* (Oxford, 2014).

#### **IV. From a Macro to a Micro Perspective: Major Policy Issues**

**October 31 (Monday) Health and Poverty 1: Reducing Mortality among Rich and Poor.** Health is probably the most important asset a poor person—or any person “owns.” Improvements in health have been extraordinary in the post-war period, but rich and poor are still subject to very different risks: the world’s rich die of chronic diseases, the poor of communicable ones that are in principle quite easily preventable: HIV/AIDS, malaria, TB, childhood infectious diseases (many of which are preventable by vaccination), and maternal and perinatal conditions. We address health in two steps, looking first at the sources of mortality and then at interventions to improve health.

Angus Deaton, *The Great Escape: Health, Wealth, and the Origins of Inequality* (Princeton 2013), chapters Ch. 3 (59-73 and 87-100; the whole chapter is copied, you can read the remainder if you want) and Ch. 3 (entire).

**Assignment #3 posted this week; due in your section on education next week.**

**November 2 (Wednesday). Health and Poverty 2: Designing Health Interventions.** Addressing communicable diseases would save millions of lives a year. Why hasn’t it happened? What are the roles of the public, private and NGO sectors in delivering services that affect health? Should the poor pay for social services? In particular, we pay attention to the all-important issue of incentives. Should the poor be charged for services, or should they provided free of charge? What are the arguments pro and con? (The following readings are also available on TED)

Esther Duflo, “Social Experiments to Fight Poverty,” May 2010 [TED Talk](#)

“The Price is Wrong,” [J-Pal Bulletin April 2011](#)

“Building a Net Culture in Kenya” and “Controlling Malaria at Home” *PSI Profiles*, November 2004 and December 2006.

Michael Kremer et. al. “Water Technologies: What Works Best in Developing Countries?” at [Boston Review September 2008](#) and Jesse Shapiro, “Should Clean Water Have a Price?” at [Forbes](#) and J-Pal Poverty Briefcase “Happiness on Tap,” [JPal Poverty Briefcase \(April 2013\)](#)

**Nov 7 (Monday). Education.** Education has been touted as a major input to growth, and substantial differences exist across countries. Is the problem that there is not enough education? Or is it that education can only have positive effects if coupled with incentives that increase the rate of return to educational investment? The readings will consider a particularly important component of this problem: educating girls.

Maureen Lewis and Marlaine Lockheed, *Inexcusable Absence: Why 60 Million Girls Still Aren't In School and What to do About It* at [The Center for Global Development](#) pp. 34 (from “Lagging Performance...” to 74 (also on TED).

Malala Yousafzai [Address to the United Nations](#), July 2013.

**Assignment #3 due in your section this week.**

**November 9 (Wed). Development in Environmental Context: Challenges in the Agricultural Sector.** (Guest lecture by Prof. Jennifer Burney, Graduate School of Global Policy and Strategy).

The share of the world’s population working in agriculture is declining steadily. But it still accounts for just under 50% and is much higher in many developing countries, in some cases over 80%. This population is highly vulnerable not only to routine variability in the weather and rainfall, but to longer-term shifts associated with climate change. What is the relationship between climate change and agriculture? Who is most vulnerable? And how can policy and technology work to reduce risks and bolster rural incomes?

Solomon M. Hsiang and Kyle C. Meng, “Tropical Economics,” *American Economic Review* (2015), 257-261.

Tamma Carelton and Solomon Hsiang, “Social and Economic Impacts of Climate,” *Science* September 2016.

**Nov 14 (Mon). The Urbanization of Poverty.** Although most of the world’s extreme poverty remains in rural areas, the extent and rapidity of urbanization has made urban poverty an important and growing phenomenon. This session looks at two faces of urban

life: the various social problems that arise out of rapid urban growth, including slums and violence; and the promise—and perils—of the informal sector. We do this in part through the lens of Rio de Janeiro, looking at studies done over a fifteen year time period on the problems facing the city's *favelas*.

Mike Davis, *Planet of Slums* (New York: Verso, 2006), pp. 26-49, 55-69.

Nancy Cardia, "Urban Violence in Sao Paulo," Woodrow Wilson International Center Working Paper, 2000

"Life in Rio's Favelas," 2006 [Washington Post series](#).

Human Rights Watch, "Extrajudicial Killings Undercut Rio Security," [press release on new study prior to the Olympics](#). Warning: the video includes scenes of extreme violence.

**Nov 16 (Wed). Private Sector Solutions to Poverty and the Role of Technology.** How can we encourage private sector activity that reduces poverty, whether by creating small business (for example, through microfinance) or encouraging more established companies to serve the poor? What role can technological innovation and diffusion play in anti-poverty efforts?

K.C. Prahalad and Stuart Hart, "The Fortune at the Bottom of the Pyramid." (2002, summary of [their book](#) by the same name).

Jenny C. Aker and Isaac M. Mbiti, "Mobile Phones and Economic Development in Africa," *The Journal of Economic Perspectives* (Summer 2010), pp. 207-232.

## **V. The External Dimension: Aid and Humanitarian Intervention**

**Nov 21 (Mon). The Debate About Aid.** Countries give aid for a multiplicity of motives that include, but are by no means limited to, fostering economic growth and poverty reduction. Similarly, governments seek aid for a variety of purposes, starting with the benefits for retaining political power. These incentives give rise to complex aid dynamics, including efforts to impose conditionality on aid—and for countries to avoid it. In this session we examine the debate over aid, including arguments by critics that it should be dramatically reduced.

Peter Singer, *The Life You Can Save: Acting Now to End World Poverty* (Picador, 2009), chapters 1-3 (pp. 3-41).

Paul Collier, *The Bottom Billion* Chapter 7 and [Paul Collier](#) debates [Dambissa Moyo](#) at the Munk Debates of 2009, which considered the following proposition: "Foreign aid does more harm than good." Paul Collier argues no; Dambissa Moyo yes.

**Nov 23 (Wed). Humanitarian Intervention: Famines and Food Shortages.** Famines are complex events, often attributed to “natural” causes such as bad weather or Malthusian ones such as overpopulation. Amartya Sen has shown that these explanations are flawed and that famines are almost always the result of political failures. These very failures, however, can create daunting problems for external actors seeking to alleviate hunger. The problems are illustrated with reference to the North Korean famine.

Amartya Sen, *Development as Freedom*, Chapter 7.

Stephan Haggard and Marcus Noland, [Hunger and Human Rights: the Politics of Famine in North Korea](#). National Committee for North Korea, 2005.

**Nov 28 (Mon). Poverty and War: Civil Conflict, Displacement and Poverty.** A major cause of displacement, refugees, poverty and even the spread of disease and famine is the incidence of civil war. Many of the poorest regions in the world are precisely those that have been affected by such conflict, particularly where it is protracted. These events also involve the external policy community in complex humanitarian interventions. We will consider the general issues, and the recurring wars of central Africa, including particularly the Second Congo War or Great War of Africa (that killed as many as 5 million people and which few Americans even know about) and current developments in the Central African Republic and South Sudan.

Paul Collier, *The Bottom Billion*, Chapter 8.

Eli Berman and Aila A. Matanock, “The Empiricist’s Insurgency,” *Annual Review of Political Science* (2015).

## **VI. Bringing it All Back Home**

**Nov 30 (Wed). Poverty and Inequality in the United States.** What are trends in poverty in the United States? Are the basic causes of poverty in the US similar or different than those we have seen in developing countries, and in what ways precisely?

Take a break: no readings!

**Dec 6 (Tue). Final Exam. 11:30AM- 2:30 PM. Location: TBA.**