

# **Poverty, Inequality and Globalisation: theories, concepts and policies**

## **Spring 2008 – Syllabus**

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Office Hours: Mondays 5-6; Tuesday 8-9

Class schedule: Mondays 6-7.50

### **Course description**

Does opening up to global markets help or hurt poor workers and poor countries? Does the value chain empower or exploit women workers? Questions like these are studied by economists and social scientists to inform policy makers as they design economic, social and governance reform policies. There is much that we know and that we do not know; some points of consensus and many points of disagreement. This course is an introduction to these debates about poverty and inequality, particularly as they relate to globalisation. The focus is on policy choices and the empirical analyses that underpin choices. The course will cover economic and human-centered theoretical and conceptual frameworks (key concepts, definitions, measures); analyses of trends which come to opposing conclusions; and policy approaches to reducing poverty and inequality within and between countries. The course focuses on broad national and international policy issues, and on poverty and inequality *within* countries, as well as inequality *between* countries in the global context. The aim is to familiarize students with the current state of the debate on the issue, and in general help students develop critical perspectives and the ability to analyse empirical material to argue their own case.

### **Pre-requisites**

There is no formal prerequisite but the course builds on Comparative Development Experience. This course is designed as a follow-on to CDE and builds on the introductory material presented in that course. While CDE is about development, this course focuses on poverty and inequality as an aspect of the development process.

### **Grading and Requirements**

Grading will be based on meeting three requirements:

- Classroom participation (25% of grade): Participation is an important part of this discussion based class. Students are expected to attend all classes, having done the required reading, and to contribute to classroom discussion. Five one page notes on readings and one presentation will be assigned.
- Short paper (25% of grade): a paper of at least 2000 words.
- Long paper (50% of grade): a paper of at least 6000 words. Papers are expected to reflect analysis, use of theoretical frameworks, organisation of material and information, and coherent presentation.

The course will include 14 regular classes. In addition, if you do not feel comfortable with the use of development indicators, you are also strongly urged to attend the data clinic offered for CDE.

Plagiarism is taken very seriously in accordance with GPIA policy and will result in a failing grade.

### **Communications and resources:**

- Email: The class will communicate by the New School email address. Please look at your New School email account regularly.
- Reading resources: reading resources will be accessible on the web or posted on the Blackboard.
- Announcements: The Blackboard will be used for announcements.
- Readings will be made available on the Blackboard unless available on-line.

### **Website sources:**

The course readings draw from original references.

In addition to assigned sources, the following websites provide up-to date research, data and debates.

Data websites:

World Bank, World Development Indicators (accessible at NYU library)

WIDER (UN World Institute for Development Economics Research)

<http://www.wider.unu.edu>

UN Millennium Development Goals Indicators Data base

[http://millenniumindicators.un.org/unsd/mi/mi\\_goals.asp](http://millenniumindicators.un.org/unsd/mi/mi_goals.asp)

UNDP Human Development Report Office. <http://hdr.undp.org>

World Bank Inequality Around the World page

<http://www.worldbank.org/research/inequality>

World Bank Poverty Net <http://web.worldbank.org>

Policy websites:

Emma Aisbett – overview of sources

<http://are.berkeley.edu/~harrison/globalpoverty/index.html>

Action Aid: <http://www.actionaid.org>

Center for Global Development: <http://www.cgdev/section/topics/globalization>

Globalization and Inequality Group hosted by the Brookings Institution and the Center for Global Development

[http://www.brookings.edu/gs/researchprojects/glig/glig\\_hp.htm](http://www.brookings.edu/gs/researchprojects/glig/glig_hp.htm)

Oxfam <http://www.oxfamorg/eng>

World Bank Globalization page

<http://www1.worldbank.org/economicpolicy/globalization/index.html>

UNDP Poverty Center <http://www.undp-povertycentre.org/>

Institute of Economics

<http://www.petersoninstitute.org/research/researchareas.cfm>

ODI (Overseas Development Institute) London <http://www.odi.org.uk/>

IDS ( Institute of Development Studies), UK <http://www.ids.ac.uk/ids/>

UNRISD (UN Research Institute for Social Development), Geneva.  
<http://www.unrisd.org>

UNWIDER (UN World Institution on Development Economics Research),  
Helsinki <http://unwider.org>

### Week 1: Introduction.

- Course organization
- Overview of course
- Lecture: Globalisation, neoliberalism, poverty and inequality – and the international development agenda

### *Required reading*

Abhijit Vinayak Banerjee, 2006. ‘Globalisation and All That’. Chapter 6 in  
Banerjee, Benabou, Mookherjee, 2006. *Understanding Poverty*. OUP.

Bardhan, Pranab, 2006. ‘The Global Economy and the Poor’. Chapter 7 in  
Banerjee, Benabou, Mookherjee, *Understanding Poverty*. OUP

### Week 1a: Special lecture

Ha-Joon Chang, University of Cambridge: *Bad Samaritans: The Myth of Free Trade and the Secret History of Capitalism*

Tuesday, January 29th 6pm-8pm  
Theresa Lang Center, 55 West 13th Street 2nd Floor

### **Part I What is poverty? What is inequality? How are they defined and measured?**

Week 2: Concept, definition and measures of poverty and inequality – comparing diverse conceptions of poverty, definitions and measurement (income based, capability based, human rights based)

### *Required reading*

(Income perspective) Perkins, Dwight H, Steven Radelet, and David Lindauer, 2006. *Economics of Development* sixth edition. London. WW Norton and Co. Chapter 6

(capability perspective) Sen, Amartya. 1999. *Development as Freedom*. Introduction, and chapter 4: 'Poverty as Capability Deprivation'

(participation perspective) Narayan, Deepa et al. 1999. *Voices of the Poor* volume 1. Chapter 2: 'Definitions of Poverty'

(measurement in capability perspectives) UNDP International Poverty Centre, 2006. In Focus 'What Is Poverty: Concepts and Measures' December, 2006. Brasilia. <http://www.undp-povertycentre.org/>

(human rights) Fukuda-Parr, 2007. [http://hdr.undp.org/docs/nhdr/insights/HDInsights\\_Apr2007.pdf](http://hdr.undp.org/docs/nhdr/insights/HDInsights_Apr2007.pdf)

(comparison) Stewart, Frances, Caterina Ruggeri-Laderchi, Ruhi Saith, 2007. 'Introducing Four Approaches to Defining and Measuring Poverty'. In Stewart et al, *Defining Poverty in the Developing World*. Palgrave

Course hand out: "Measuring development, poverty and inequality: mapping indicators"

### *Additional references*

UNDP, 1997. *Human Development Report: Human Development to Eradicate Poverty*. 'Poverty in the Human Development Perspective: Concept and Measurement' (Chapter 1). Oxford University Press, New York. [www.hdr.undp.org](http://www.hdr.undp.org) also in Fukuda-Parr and Shivakumar, *Readings in Human Development*

OHCHR, *Human Rights and Poverty Reduction: A Conceptual Framework* (New York and Geneva, United Nations, 2004), <http://www.ohchr.org/english/issues/poverty/docs/povertyE.pdf>.

Goodwin, Neva et al, *Macroeconomics in Context* Chapter 15, *Macroeconomic Challenges for the 21<sup>st</sup> Century*. [http://www.ase.tufts.edu/gdae/pubs/te/mac/MAC\\_15\\_Challenges\\_Nov\\_30\\_06.pdf](http://www.ase.tufts.edu/gdae/pubs/te/mac/MAC_15_Challenges_Nov_30_06.pdf)

Week 3: Inequality and equity (not poverty): concept, definitions and measures;

Perkins, Dwight H, Steven Radelet, and David Lindauer, 2006. *Economics of Development* sixth edition. London. WW Norton and Co. Chapter 6 (as in previous week)

World Bank, 2005. *World Development report 2006: Equity and Development* Overview chapter. [www.worldbank.org](http://www.worldbank.org)

Birdsall, N. 2001. 'Why inequality matters: Some economic issues' *Ethics & International Affairs*; 2001; 15, 2; New York, Carnegie Council for Ethics in International Affairs. Also available on CGDEV website.

## **Part II: Poverty and inequality within countries**

Week 4: Is growth good for reducing poverty? Reducing inequality? Does inequality help or hinder growth?

### *Required reading*

Aghion, Philip, and Beatriz Armendariz de Aghion, 2006. ' in Banerjee, Benabou and Mookherjee, *Understanding Poverty*, OUP

Ranis, Gus, Frances Stewart and Ramirez, 2003. 'Economic Growth and Human Development' in Fukuda-Parr and Shivakumar, *Readings in Human Development*, OUP. New Delhi

Dollar, David, 2001. 'Growth is Good for the Poor'. World Bank Policy Research Working paper 2587. Washington D.C. [www.worldbank.org](http://www.worldbank.org)

UNDP, *Human Development Report 2006* chapter 2, Growth as a Means to Human Development [www.hdr.undp.org](http://www.hdr.undp.org)

Pikerty, Thomas 2006. ' "The Kuznets Curve": Yesterday and Tomorrow' in Banerjee, et al. *Understanding Poverty*

World Bank, 2005. *Inequality in Latin America & the Caribbean: Breaking with History*. Summary – available on World Bank Website.

### *Supplemental readings*

Birdsall, Nancy, David Ross and Richard Sabot. 1995. 'Inequality and Growth Reconsidered: Lessons from East Asia' *World Bank Economic Review* 9(3): 477-508 (e-access through New School library)

Alesina, Alberto and Dani Rodrik. 1994. 'Distributive Politics and Economic Growth' *Quarterly Journal of Economics* 109(2). (also NBER Working paper 3668).

Forbes, Kristin. 2000. 'A Reassessment of the Relationship Between Inequality and Growth'. *American Economic Review* 90(4): 869-887

Week 5: Within country poverty and inequality - Why are people poor and why? Is it lack of income, education or political voice?

*Required reading*

World Bank, 2000. *World Development Report*. Overview chapter, and 'Causes of Poverty and a Framework for Action' (chapter 2). OUP. New York.  
[www.worldbank.org](http://www.worldbank.org)

Moser, Caroline. 2006 'Asset Based Approaches to Poverty Reduction in a Globalised Context'. Brookings Institution, *Working paper*.  
<http://www.brookings.edu/Views/Papers/200611moser.pdf>

UNDP, 1997. *Human Development Report 1997*. 'Resisting new forces of poverty in a changing world' (chapter 3). And 'Politics of Poverty' (chapter 4) OUP, New York. [www.hdr.undp.org](http://www.hdr.undp.org)

Sachs, Jeffrey. 2005. *The End of Poverty: Economic Possibilities for Our Time*. Chapter 3 'Why some countries fail to thrive'. London, Penguin.

Week 6: Does democracy empower people?

*Required reading*

Sen, Amartya. 1999. *Development as Freedom*. Chapter 6 The Importance of Democracy

UNDP, 2002. *Human Development Report: Deepening Democracy in a Fragmented World*. Chapter 3 Deepening Democracy for Tackling Democratic Deficits. [www.undp.org](http://www.undp.org)

Week 7: Globalization and poverty within countries – does the global value chain empower or impoverish women?

Guest lecturer: Jenny McGill, Columbia University

*Required reading*

Kabeer, Naila. Globalisation, labour standards and women's rights: dilemmas of collective action in an interdependent world. *IDS Globalization and Poverty Research Programme*

<http://www.gapresearch.org/production/globlabourwomen.pdf>

Kider, Thalia and Kate Raworth, 'Good jobs' and hidden costs: women workers documenting the price of precarious employment, *Gender and Development* Vol. 12, No. 2, July 2004

[http://www.oxfam.org.uk/what\\_we\\_do/resources/downloads/gendevtrade-3.pdf](http://www.oxfam.org.uk/what_we_do/resources/downloads/gendevtrade-3.pdf)

Krugman, Paul. 1997, 'In Praise of Cheap Labor Bad jobs at bad wages are better than no jobs at all.' *The Slate Magazine/dismal science*

<http://web.mit.edu/krugman/www/smokey.html>

OR

Bhagwati, Jagdish, (2004) *In Defense of Globalization*, New York: Oxford University Press chapter 7 'Women harmed or helped' pp 68-72

<http://www.complete-review.com/reviews/economic/bhagwj.htm>

Sen, Amartya. 1999. *Development as Freedom*. 'Women's Agency and Social Change' chapter 8. Knopf. New York.

**Part III: Globalisation and global inequality**

Week 8: Global inequality: debates over empirical trends

Literature review

Aisbett, Emma. 2004. 'Why are the Critics so Convinced that Globalization is Bad for the Poor?' NBER Globalization and Poverty Conference, 2004.  
<http://are.berkeley.edu/~harrison/globalpoverty/index.html>

OR

Cornia, G. Andrea, 2003. 'Globalization and the Distribution of Income Between and Within Countries', in Chang, Rethinking Development Economics

#### Optimists:

Dollar, David. 2004. 'Globalization, Poverty and Inequality since 1980.' World Bank Policy Research working paper 3333.  
[http://econ.worldbank.org/external/default/main?pagePK=64165259&theSitePK=469382&piPK=64165421&menuPK=64166093&entityID=000112742\\_20040928090739](http://econ.worldbank.org/external/default/main?pagePK=64165259&theSitePK=469382&piPK=64165421&menuPK=64166093&entityID=000112742_20040928090739)

#### Pessimists

Wade, Robert. 2004. 'Is globalization Reducing Poverty and Inequality?' *World Development* 32(4). Pp. 567-58

#### *Supplementary references*

(Optimist) Sala-i-Martin, Xavier. 2002. 'The World Distribution of Income (estimated from individual country distributions)' *NBER Working Paper* 8933.  
[www.nber.org](http://www.nber.org)

(Optimist) Bhalla, Surgit. 2002. *Imagine There's No Country. Poverty, Inequality and Growth in the Era of Globalization*. Washington D.C. Institute for International Economics. Chapter  
[http://bookstore.iie.com/merchant.mvc?Screen=PROD&Product\\_Code=338](http://bookstore.iie.com/merchant.mvc?Screen=PROD&Product_Code=338)

(Pessimist) Milanovic, Branko. 2002. 'Can We Discern the Effect of globalization on Income Distribution? Evidence from Household Budget Surveys'. *World Bank Policy Research Working Paper* 2876.  
<http://econ.worldbank.org/external/default/main?pagePK=64165259&theSitePK=>

[469382&piPK=64165421&menuPK=64166093&entityID=000094946\\_0209060421403](https://www.econometricsociety.org/doi/abs/10.2307/3083221)

(Doubter) Bourguignon, Francois, and Christian Morrisson. 2002. 'Inequality Among World citizens:1820-1992' *American Economic Review* 92(4): 727-44

### Week 9: Globalization and developing countries

#### *Required reading*

Birdsall, Nancy. 2005. 'The World is not Flat: Inequality and Injustice in our Global Economy' *CEDEV working paper*, WIDER lecture (wider website, CGDEV website)

Bhagwati, Jagdish. 2004. *In Defense of Globalization*. New York. Oxford University Press chapters 1-3

#### *Supplementary reading*

Rodrik, Dani. 1997. *Has Globalization Gone Too Far?* Washington D.C. Institute for International Economics. Chapters 1-3

<http://bookstore.petersoninstitute.org/book-store/57.htmlb>

Bardhan, Pranab. 2005. 'Globalization, Inequality and Poverty: An Overview' University of California, Berkeley.

<http://globetrotter.berkeley.edu/macarthur/inequality/papers/BardhanGlobalOverview.pdf>

NEF. 2006. 'Growth Isn't Working. The Unbalanced Distribution of Benefits and Costs from Economic Growth' National Economics Foundation Report.

<http://www.neweconomics.org/genuploads/hrfu5w55mzd3f55m2vqwt50202006112929.pdf>

### Week 10: Trade openness, growth and inequality within countries

Guest lecturer: Kamal Malhotra, UNDP

UNDP, 2003. *Making Trade Work for People Overview*, 'Human Development and Trade' (chapter 1). Earthscan, London.

<http://www.rbf.org/publications/globaltrade.html>; also [www.undp.org](http://www.undp.org)

Dollar, David and Aart Kraay. 2001. 'Trade, Growth, and Poverty'. World Bank Policy Research Paper 2615. [www.worldbank.org](http://www.worldbank.org)

UNDP, 2006. *Human Development Report: International Cooperation at a Crossroads, aid, trade and security in an unequal world*. Chapter 4 'International Trade'. Oxford University Press. New York.

[http://hdr.undp.org/reports/global/2005/pdf/HDR05\\_chapter\\_4.pdf](http://hdr.undp.org/reports/global/2005/pdf/HDR05_chapter_4.pdf)

#### Week 11: Global governance

Rogoff, Kenneth. 2003. 'The IMF Strikes Back'. Foreign Policy 134. (Jan/Feb 2003) Carnegie Endowment for International Peace

Birdsall, Nancy. 2005. 'Stormy Days on an Open Field: Assymetries in the Global Economy'. In Mavrotas and Shorrocks, eds. *Advancing Development. Themes in Global Economics*. Basingstoke: Palgrave MacMillan Ltd. Also, Center for Global Development Working Paper 81.

<http://www.cgdev.org/content/publications/detail/6284/>

Ocampo, Jose Antonio. 2003. 'Development and the Global Order' chapter 4 in Chang, *Rethinking Development Economic*

### **Part IV New dimensions**

#### Week 12: Poverty, inequality and civil war – cause of consequence?

##### *Required reading*

Collier, Paul and A. Hoeffler, 2002. 'Greed and Grievance in Civil Wars'. *CSAE Working Paper Series* No. 2002-01. Oxford: Centre for the Study of African Economies. Available at: [www.csae.ox.ac.uk](http://www.csae.ox.ac.uk)

Stewart, Frances. 'Development and Security' *CRISE working paper 3*, Queen Elizabeth House, Oxford. <http://www.crise.ox.ac.uk/pubs.shtml>

Fukuda-Parr, 2007. 'Rethinking the Policy Objectives of Development Aid: from economic growth to conflict prevention'. *WIDER Research paper No. 2007/32*.

Fukuda-Parr, Sakiko, Max Ashwill, Elizabeth Chiappa and Carol Messineo. 2007.  
Poverty-Conflict Nexus: A Survey of Africa 1980-2005

*Supplemental reading*

Stewart, Frances. 'Horizontal Inequalities: A Neglected Dimension of  
Development' CRISE Working Paper 1, <http://www.crise.ox.ac.uk/pubs.shtml>

Week 13: tbd

Part V Summing up and student presentations

Week 14: student presentations