

**Global Poverty
Econ 173S**

*University of California, Riverside
Department of Economics
Spring, 2019*

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Office Hours:
Tue&Thur 11-12
or by appointment

Course Description:

This class will study poverty around the world in a comparative perspective. The focus will be on concepts and measurement of poverty, causes of poverty, and policies that are intended to reduce poverty. The class will have three main parts. The first part will examine alternative concepts of poverty and how they have evolved over time. It also will explore approaches to the measurement of poverty. The next two parts of the class will study poverty in the U.S. and in developing countries.

Requirements and Grading:

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| • Daily clicker questions based on assigned readings | 15% |
| • Section attendance | 5% |
| • Quiz (Thursday of week 3) | 10% |
| • Poverty data project (Thursday of week 7) | 10% |
| • Mid-term exam (Thursday of week 5) | 20% |
| • Final exam (cumulative) | 40% |

Readings: Students are expected to read one chapter or article per class, and to come to class prepared to discuss the material.

Daily clicker questions: At the beginning of each class, I will ask several multiple choice questions related to the readings for that day. There will also be occasional clicker questions during lecture. Your two lowest daily scores will be dropped. No exceptions will be made.

Discussion section: I will run a discussion section so that we can have an opportunity to discuss the material in more depth and to see a couple of documentaries. I will not lecture. Attendance is required, and you must bring a typed question with your name and student I.D. to each class.

Poverty data project: Students will be expected to assemble data on poverty in a single country, present it in tables and graphs, and write a brief description of the data. Guidelines will be distributed in advance.

Exams and Quiz: A quiz is scheduled for Thursday of week 3 (April 18). The mid-term exam is scheduled for Thursday of week 5 (May 2). The final exam will be cumulative, and will be held on Thursday, June 13, 8-11am.

Academic Honesty: Any student found committing plagiarism, not handing in original work of his/her own, or cheating in any way, will be given an F in the course and will be subject to disciplinary action by the University.

Course Outline

1. Introduction and Overview (0.5 weeks)
2. Concepts and Measurement of Poverty (3 weeks)
 - 2.1 The Distribution of Income, Inequality and Poverty
 - 2.2 Absolute Poverty and Poverty Lines
 - 2.3 Other Poverty Concepts and Measures
 - 2.4 Capabilities and Multi-Dimensional Poverty
3. Poverty in The U.S. (3 weeks)
 - 3.1 History of Ideas in the U.S. and the Supplemental Measure
 - 3.2 Description and Explanation of Poverty in the U.S.
 - 3.3 Anti-Poverty Policies in the U.S.
 - 3.4 Dynamics of Poverty: Spells, Life Cycle, and Intergenerational Transmission
 - 3.5 The U.S. in Comparative Perspective
4. Poverty in Developing Countries (3 weeks)
 - 4.1 Poverty in LDCs
 - 4.2 Causes of Poverty in LDCs
 - 4.3 Policies to Reduce Poverty in LDCs

Required Books

Boo, Katherine, *Behind the Beautiful Forevers*, New York: Random House, 2012. (\$10)

Strongly Suggested

Banerjee, Abhijit, and Esther Duflo, *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*, New York: Public Affairs, 2011. (\$12)

Ravallion, Martin, *The Economics of Poverty: History, Measurement, and Policy*, New York: Oxford University Press, 2016. (\$40)

Valuable References

Banerjee, A., R. Benabou, and D. Mookherjee (eds.). *Understanding Poverty*. New York: Oxford University Press, 2006.

Deaton, Angus, *The Great Escape: Health, Wealth, and the Origins of Inequality*, Princeton: Princeton University Press, 2013.

Fields, Gary S., *Distribution and Development: A New Look at the Developing World*, New York: Russell Sage Foundation, 2001.

Iceland, John, *Poverty in America: A Handbook*, 2nd edition, Berkeley and Los Angeles: University of California Press, 2006.

Putnam, Robert D., *Our Kids: The American Dream in Crisis*, New York: Simon & Schuster, 2015.

Sen, Amartya, *Development as Freedom*, New York: Anchor Books, 1999.

1. Introduction and Overview (0.5 weeks)

Ravallion (2016), "Introduction."

Deaton (2013), "Introduction."

Banerjee and Duflo (2011), "A Billion Hungry People," Chapter 2.

<https://ourworldindata.org/>

2. Concepts and Measurement of Poverty (3 weeks)

2.1 The Distribution of Income, Inequality and Poverty

Fields, Gary S., "The Distributional Effects of Economic Growth," Chpt. 1 in *Distribution and Development: A New Look at the Developing World*, New York: Russell Sage, 2001.

Todaro, Michael, and Stephen Smith, "Poverty, Inequality, and Development," Chapter 5 in *Economic Development* (11th ed.), USA: Addison-Wesley, 2011. Read 204-214.

2.2 Absolute Poverty and Poverty Lines

Fields (2001), "The Measurement of Poverty," Chapter 4, pp. 73-76.

Ravallion (2016), "Poverty Lines," Chapter 4.

Chen and Ravallion (2008), "The Developing World Is Poorer Than We Thought, But No Less Successful in the Fight against Poverty," World Bank Policy Research Working Paper 4703.

2.3 Other Poverty Concepts and Measures

Fields (2001), "The Measurement of Poverty," Chapter 4, pp. 76-86.

Iceland (2006), "Methods of Measuring Poverty," Chapter 3.

Ravallion (2016), "Measuring Welfare," Chapter 3.

2.4 Capabilities and Multi-Dimensional Poverty

Alkire, S. and J.E. Foster, "Understandings and Misunderstandings of Multidimensional Poverty Measurement." OPHI Working Paper No. 43, May 2011.

Sen (1999), "Poverty as Capability Deprivation," Chapter 4.

United Nations Development Program, "Reaffirming Human Development," Chapter 1 and "Innovations in measuring inequality and poverty" Chapter 5 in *Human Development Report 2010*, available at <http://hdr.undp.org/en/reports/>.

2.5 History of Ideas about Poverty (will skip, but worth reading)

Ravallion (2016), "Origins of the Idea of a World Free of Poverty," and "New Thinking of Poverty after 1950," Chapters 1 and 2.

3. Poverty in The U.S. (3 weeks)

Documentary: "The Line: Poverty in America," (2014).

3.1 History of Ideas in the U.S. and the Supplemental Measure

Bailey, Martha J., and Sheldon Danziger, "Legacies of the War on Poverty," Chapter 1 in *Legacies of the War on Poverty* edited by Bailey, Martha J., and Sheldon Danziger, Russell Sage Foundation, 2013.

Iceland (2006), “Early Views of Poverty in America,” Chpt. 2.
Cassidy, John, “Relatively Deprived: How Poor is Poor?” *New Yorker*, April 2, 2006.
Renwick, T, and L. Fox, “The Supplemental Poverty Measure; 2015,” U.S. Census Bureau, Current Population Reports, September 2016.
Short, Kathleen S., “The Supplemental Measure: Examining the Incidence and Depth of Poverty in the U.S. Taking Account of Taxes and Transfers” paper presented at 86th Annual Conference of the Western Economic Association International, June 3, 2011.

3.2 Description and Explanation of Poverty in the U.S.

Description

Iceland (2006), “Characteristics of the Poverty Population,” Chpt. 4.
Plotnick, Robert D., “The Alleviation of Poverty: How Far Have We Come?” prepared for the *Oxford Handbook of the Economics of Poverty*, June 2010 (revised Nov. 2010).
Proctor, B.D., J.L. Semega, and M.A. Kollar, “Income and Poverty in the United States: 2015,” U.S. Census Bureau, Current Population Reports, September 2016.

Explanation

Bane, Mary Jo, “Poverty Politics and Policy,” *Focus*, Vol. 26, No. 2, Fall 2009, pp. 75-80.
Hoynes, Hilary W.; Page, Marianne E.; Stevens, Ann H., “Poverty in America: Trends and Explanations,” *Journal of Economic Perspectives*, Vol. 20, No. 1, Winter 2006, pp. 47-68.
Iceland (2006), “Causes of Poverty,” Chpt. 5, and “Why Poverty Remains High, Revisited,” Chpt. 6.

3.3 Anti-Poverty Policies in the U.S.

Ben-Shalom, Yonatan, Robert Moffitt, and John Karl Scholz, “An Assessment of the Effectiveness of Anti-Poverty Programs in the United States,” prepared for the *Oxford Handbook of Economics of Poverty*, June 2010 (revised June 2011).
Bitler, M., H. Hoynes, and E. Kuka, “Child Poverty, the Great Recession, and the Social Safety Net in the United States,” NBER Working Paper No. 22682, September 2016.
Cancian, Maria, and Sheldon Danziger, “Changing Poverty and Changing Anti-Poverty Policies,” Institute for Research on Poverty, Discussion Paper no. 1364-09, University of Wisconsin–Madison, April 2009.
Iceland (2006), “Poverty and Policy,” Chpt. 7.

3.4 Dynamics of Poverty: Spells, Life Cycle, and Intergenerational Transmission

Bane, Mary Jo, and David T. Ellwood, “Slipping into and out of Poverty: The Dynamics of Spells,” *Journal of Human Resources*, pp. 1-23, 1986.
DeLeire, T., and L. M. Lopoo, “Family Structure and the Economic Mobility of Children,” Pew’s Economic Mobility Project, April 2010.
Charles, K.K., S. Danziger, G. Li, and R. Schoeni, “The Intergenerational Correlation of Consumption Expenditures,” *American Economic Review*, 104(5): 136-140, May 2014.

3.5 The U.S. in Comparative Perspective

Gornick, J.C., and M. Jantti, “Poverty,” in *Pathways, a magazine on poverty, inequality and social policy*, Special Issue 2016, <http://inequality.stanford.edu/sites/default/files/Pathways-SOTU-2016.pdf>.

Jantti, M., K. Roed, R. Naylor, A. Bjorklund, B. Bratsberg, O. Raaum, E. Osterbacka, and T. Eriksson, "American Exceptionalism in a New Light: A Comparison of Intergenerational Earnings Mobility in the Nordic Countries, the United Kingdom and the United States," IZA DP 1938, January 2006.

OECD, *Growing Unequal: Income Distribution and Poverty in OECD Countries*, OECD, 2008. "Poverty in OECD Countries: An Assessment Based on Static Income," Chapter 5.

Smeeding, Timothy, "Poor People in Rich Nations: The United States in Comparative Perspective," *Journal of Economic Perspectives*, 2006.

4. Poverty in Developing Countries (3 weeks)

4.1 Poverty in LDCs

Chen, Shauhoa, and Martin Ravallion, "The Developing World Is Poorer Than We Thought, But no Less Successful in the Fight against Poverty," World Bank, Policy Research Working Paper 4703, August 2008.

Deaton, Angus, "Measuring Development: Different Data, Different Conclusions," Chapter 1 in *Measure for Measure: How Well do we Measure Development*, Proceedings of the 8th AFD-EUDN Conference, Paris, December 2010.

4.2 Causes of Poverty in LDCs

Acemoglu, Daron, Simon Johnson, and James Robinson, "Understanding Prosperity and Poverty: Geography, Institutions, and the Reversal of Fortune," in *Understanding Poverty* (2006).

Banerjee and Duflo (2011), on the topics of health, education, and demography. Chapter 3, 4, and 5: "Low-Hanging Fruit for Better (Global) Health," "Top of the Class," and "Pak Sudarno's Big Family."

Bardhan, Pranab, "The Global Economy and the Poor," Chpt. 7 in *Understanding Poverty* (2006).

Eswaran, Mukesh, "Fertility in Developing Countries," Chpt. 10 in *Understanding Poverty* (2006).

4.3 Policies to Reduce Poverty in LDCs (we will choose from the topics below)

Guest Lecture: Poverty and Mobility in Mexico

Graciela Teruel Belismelis

Professor of Economics at the Ibero-American University, Mexico

Transfers: Social Insurance and Social Assistance

Fiszbein, A., N. Schady. *Conditional Cash Transfers: Reducing Present and Future Poverty*. Washington, D.C.: World Bank, 2009.

Fiszbein, Ariel, Ravi Kanbur, and Ruslan Yemtsov. "Social Protection and Poverty Reduction: Global Patterns and Some Targets." *World Development*, 61: 167-77, 2014.

Hanna, Rema, and Benjamin A. Olken. "Universal Basic Incomes versus Targeted Transfers: Anti-Poverty Programs in Developing Countries." *Journal of Economic Perspectives*, 32(4): 201-226, Fall 2018.

Ravallion, Martin, "Transfers and Safety Nets in Poor Countries: Revisiting the Trade-Offs and Policy Options," Chpt. 14 in *Understanding Poverty* (2006).

Microfinance

Banerjee and Duflo (2011), on the topics of health, education, and demography. Chapter 7, The Men from Kabul and Eunuchs of India: The (Not So) Simple Economics of Lending to the Poor.”

Documentary: “Small Fortunes - Microcredit and the Future of Poverty,” (2005).

Education

Case, Anne, “The Primacy of Education,” Chpt. 18 in *Understanding Poverty* (2006).

Todaro, Michael, and Stephen Smith, “Human Capital: Education and Health in Economic Development,” Chapter 8 in *Economic Development* (9th ed.), USA: Addison-Wesley, 2006.

Aid and Assistance

Birdsall, Nancy, Dani Rodrick, and Arvind Subramanian, “How to Help Poor Countries,” Chpt. 49 in *The Development Economics Reader*, edited by Giorgio Secondi, New York: Routledge, 2008.

Todaro, Michael, and Stephen Smith, “Foreign Finance, Investment, and Aid,” Chapter 15 in *Economic Development* (9th ed.), USA: Addison-Wesley, 2006. Read pp. 716-30, “Foreign Aid: The Development Assistance Debate.”

Child Labor

Udry, Christopher, “Child Labor,” Chpt. 16 in *Understanding Poverty* (2006).

Basu, Kaushik, “Policy Dilemmas for Controlling Child Labor,” Chpt. 17 in *Understanding Poverty* (2006).

Agriculture and Rural Poverty

“Growth and Poverty Reduction in Agriculture’s Three Worlds,” Chapter 1 in *Agriculture for Development, The World Development Report 2008*.