

## **PPD 251: Poverty in Developing Countries**

Winter Quarter, 2013

**DRAFT – 1/2/2013 – Subject to revision**

**Instructor:** Seth Pipkin (email: [spipkin@uci.edu](mailto:spipkin@uci.edu))

**Office:** 218E Social Ecology 1 (Office hours TBA)

**Class time:** Tu/Thu 3:30–4:50

**Location:** SSPA 1165

### **Course summary and goals**

This course concerns the relationship between the condition of poverty and processes of economic growth and, broadly speaking, globalization. Historically, the material condition of poverty was only rendered remediable at a societal scale through processes of economic and social transformation that are sometimes referred to as “modernization.” This course is oriented towards a broader context to poverty within the frame of these large-scale changes. Right now, the issue of poverty is refracted through a prism of global economic and political volatility. To calibrate a meaningful impact on poverty issues, the policy analyst must be sensitive to historical context as well as contemporary local and global issues and place them all in meaningful relationship to each other. The main goals of this course are to help students to develop these knowledge bases in order to be better prepared to:

- skillfully discern effective from ineffective development and poverty interventions;
- identify and know how to place in relation to each other the key actors in any development and/or poverty policy scenario;
  - contribute to ongoing processes of agenda-setting in development policy and poverty alleviation across a wide variety of scales and geographic locations.

This course begins with a history of economic development as a field of inquiry, with attention to some key debates in the changing face of the phenomenon since 1945. It follows with an examination of the long-term history of European economic divergence and the legacies of colonialism for what is now often referred to as “the global South.” These early but persistently influential conditioning forces are then followed by an examination of divergent trajectories within the global South during the second half of the 20<sup>th</sup> century. After this, we will consider in turn key actors involved in contemporary processes of development and poverty alleviation: the poor themselves, the private sector (both local and multinational), multilateral and international institutions (with a focus on the Bretton Woods institutions), non-governmental organizations (NGOs), and the nation-state.

Following these overviews of key actors, the class turns to contemporary thinking in poverty alleviation strategies, primarily at the micro- and meso-levels. The micro-level focuses on experimental methods and market-based strategies, particularly in access to finance and small-firm establishment. At the meso-level, we will discuss the concept of “global value chains” (a/k/a global commodity chains, global production networks) and their attendant implications for regional development. After critically evaluating these approaches, we will turn to still-underway transformations in the global economy, in particular, international inequality, the vast increase in proportion of “middle income”

populations (especially in China and India), and the current crisis in what has for decades, if not centuries, been the foremost model for producing material abundance: the most

advanced (largely European) nations. The course then concludes with a section on alternative approaches to development, with a focus on heterodox approaches to growth and the organization of production and work.

This course does not require any previous coursework. That said, it does require some readings that involve technical vocabulary, and sometimes mathematical models. In particular, those readers who have difficulty with any of the economics or mathematics are encouraged to seek out basic primers on economic terminology and methodology. Aside from basic resort to Google and Wikipedia, following are some suggestions:

Khan Academy, "Microeconomics" and "Macroeconomics." Video-based online introductory economics courses: <https://www.khanacademy.org/finance-economics/microeconomics>  
(also repeat above address, but with /macroeconomics as the last directory)

Economist.com "Backgrounders" – background info on a broad array of political and economic topics with links to related news articles: <http://www.economist.com/topics/>

If substantive questions regarding theoretical and/or technical aspects of readings remain, they and all other course-related inquiries are welcome during office hours. Feel free to email me to arrange an alternate time if you are not available during scheduled office hours.

### **Course Format and Assignments**

This class is intended to be an introduction to the topic of development. It requires the student to read at a high level while absorbing materials from a wide variety of disciplinary perspectives. The course will be run as a graduate seminar, prioritizing in-depth readings of academic research. As future policymakers and academics, you are expected to be able to independently digest and analyze the assigned reading materials. This is also reflected in the organization of the course, which will be run as a discussion-oriented seminar. After the instructor leads and organizes the first two weeks of sessions, all subsequent sessions will be led by students. Aside from regular attendance and participation, which account for 20% of the course grade, two to three students will lead each session from week three on by introducing the materials under discussion with brief summaries (approx. 10-15 min.) and some questions to help initiate and organize group discussion. The instructor will serve a supporting role in maintaining a discussion that is oriented towards a critical understanding of the readings and how they apply to practical policy issues.

Furthermore, each student is expected to write three individual response memos (2-4pp. each) over the course of the quarter. Each memo should address: key contributions of the readings, key assumptions the authors make, alternative perspectives on the topics (whether from within the week's readings, or other readings from the course, or from outside the course altogether), and implications for policymaking issues regarding economic development and poverty. These memos must be sent to the instructor at least 24 hours before the class meeting.

Each student is also expected to produce a final paper for the course. The main goal of the final paper is to produce an essay (approx. 15pp.) focused on analyzing a development- and/or poverty-related policy case. The paper should demonstrate your ability to apply the broader knowledge from the course to the analysis of any case – national, regional, or local – of a contested policy related to economic growth or poverty alleviation. It should include the following sections: introduction, literature review (with appropriate

coverage of relevant theories and empirical research), statement of criteria for policy evaluation, analysis of policy's merits and defects, and recommendations for amendments or alternative policies. Examples of topics might include: poverty impacts of labor law reform in a given country, potential impacts of shifting project priorities from foreign aid agencies or private foundations, or contemporary debates over growth strategies in a given region or country. During week 10, students will also be expected to make brief (5-7 minute) presentations summarizing their paper topics and main findings, with a brief question-and-answer from the rest of the class intended to provide student feedback for preparation of turning in their final papers during finals week.

### **Grading**

Course attendance and participation:	20%
Preparation for leading course sessions (2x):	20%
Course reading memos (3x):	30%
Final paper: 20% written paper)	30% (10% Week 10 presentation, 20% written paper)

### **Statement Regarding Academic Honesty:**

A statement regarding UC Irvine's policies related to academic honesty can be found at: [http://www.senate.uci.edu/senateweb/default2.asp?active\\_page\\_id=754](http://www.senate.uci.edu/senateweb/default2.asp?active_page_id=754)

Students with disabilities who need accommodations are encouraged to contact the instructor. The UCI Disability Services Center is available to accommodate students. You can learn more about programs and support by visiting the UCI Disability Services Center website at [www.disability.uci.edu](http://www.disability.uci.edu), by phone: 949-824-7494 and by TDD: 949-824-6272.

## **Course Readings**

### **Week 1: Defining development and the scope of the issues**

What does it mean to study "development"? What are the origins of this as a topic of interest? Why has overall progress in the study and practice of development and poverty alleviation produced highly inconsistent results?

#### **Tuesday, January 8: History and crises of the modern concept of**

**"development"** Arndt, H.W. (1981) "Economic Development: A Semantic History." *Economic Development and Cultural Change* 29(3), pp.457-66

Hirschman, A. (1981) "The Rise and Decline of Development Economics." From *Essays in Trespassing: Economics to Politics and Beyond*, pp. 1-24, Cambridge University Press.

Sen, A. (1983) "Development: Which Way Now?" *The Economic Journal*, 93(372), pp.745-762.

Rodrik, D. (2006) "Goodbye Washington Consensus, Hello Washington Confusion? A Review of the World Bank's 'Economic Growth in the 1990s: Learning from a Decade of Reform.'" *Journal of Economic Literature*, 44(4), pp.973-987.

#### **Thursday, January 10: Shifts in the global political economy and definitions**

Bourgignon, F. et al. (2010) "The Millennium Development Goals: An Assessment." From Kanbur R., and M. Spence, eds. *Equity and Growth in a Globalizing World*.

Washington, DC: The World Bank.

<http://books.google.com/books?hl=en&lr=&id=YQyQuK-vgmQC&oi=fnd&pg=PR5&dq=kanbur+spence+2010&ots=RVCV9Zqtkot&sig=iju7fGmixt756xLCXcmeldlN29I#v=onepage&q&f=false>

Easterly, W. (2003) "Can Foreign Aid Buy Growth?" *Journal of Economic Perspectives*, 17(3), pp.23-48.

Arrighi, G., B. Silver, and B. Brewer (2003) "Industrial Convergence, Globalization, and the Persistence of the North-South Divide." *Studies in Comparative International Development*, Spring 2003, 38(1), pp. 3-31.

Recommended:

Pritchett, L. (1997) "Divergence, Big Time." *The Journal of Economic Perspectives*, 11 (3), pp.3-17.

*Comment: Compare his conclusions based on similar findings to those of Arrighi, Silver and Brewer.*

Brenner, R. (2003) "Peristent Stagnation, 1973-93." Ch.1 from *The Boom and the Bubble: The US in the World Economy*, pp.7-48. London: Verso.

## **Week 2: The historical context of colonialism**

How did European countries develop into colonial powers? What did it mean for societies to be in colonial relationships with each other? How were long-term courses of institutional development shifted? In what ways are the legacies still felt today?

### **Tuesday, January 15: The "great divergence" and forms of colonialism**

Brenner, R. (1976) "Agrarian Class Structure and Economic Development in Pre-Industrial Europe." *Past & Present*, 70, pp.30-75.

Wolf, E. (1982) *Europe and the People Without History*. Selections: Introduction to Part II: In Search of Wealth, pp.129-130. Ch. 5, Iberians in America, "The Great Dying" and "The Wealth of Spanish America," pp.131-140, "New Systems of Supply," 141-143, 145-149, "Brazil and the Caribbean," 149-154. From Chapter 7: The Slave Trade, "The Course of the Slave Trade," pp.195-201, "Why Africa?" 201-204, "The African Background," 204-208. From Chapter 8, Trade and Conquest in the Orient, pp.232-258.

Recommended: Engerman and Sokoloff (2012) "Colonisation and Development." *Economic History of Developing Regions* 27 (S1), pp.28-40.

### **Thursday, January 17: Long-run impacts of colonialism**

Lange, M., J. Mahoney, and M. vom Hau (2006) "Colonialism and Development: A Comparative Analysis of Spanish and British Colonies." *American Journal of Sociology* 111(5), pp.1412-62.

Nunn, N. and L. Wantchekon (2009) "The Slave Trade and the Origins of Mistrust in Africa." NBER Working Paper #14783, <http://www.nber.org/papers/w14783>

Tignor, R.J. (1998) *Capitalism and Nationalism at the End of Empire: State and Business in Decolonizing Egypt, Nigeria, and Kenya, 1945-1963*. Ch.1, Introduction, and Ch. 4, Egypt: The Rupture, 1956-1961. Princeton: Princeton University Press.

### **Week 3: Regional Outcomes**

At the end of World War II, it was commonly assumed that attaining global prosperity would be the outcome of relatively similar and replicable processes everywhere. These assumptions were largely inappropriate, and long-term outcomes in developing countries have been dramatically different. What were some of the key factors?

#### **Tuesday, January 22: East Asia and Latin America**

Kohli, A. (2009) "Nationalist Versus Dependent Capitalist Development: Alternate Pathways of Asia and Latin America in a Globalized World." *Studies in Comparative International Development* 44(4), pp.386-410.

Bruton (1998), "A Reconsideration of Import Substitution." *Journal of Economic Literature* vol. 36, pp. 903-936.

Deyo, F. (1989) "Labor and Development Policy in East Asia." *Annals of the American Academy of Political and Social Science*, vol. 505, pp.152-161.

Recommended: Kay, C. (2002) "Why East Asia Overtook Latin America: Agrarian Reform, Industrialization and Development." *Third World Quarterly*, 23(6), pp. 1073-1102.

Kohli, A. (1994) "Where Do High Growth Political Economies Come From? The Japanese Lineage of Korea's Developmental State," *World Development* 22(9), pp.1269-1293.

#### **Thursday, January 24: Africa and the Middle East**

Bates, R. (1981) *Markets and States in Tropical Africa*. Berkeley: University of California Press. Selected portions: Introduction, pp.1-10; Ch. 5, "The Market as

Political Arena and the Limits of Voluntarism," pp.81-95; Ch. 7, "The Origins of Political Marginalism: Evoking Compliance from the Countryside," pp.106-118.

Yousef, T.M. (2004) "Development, Growth and Policy Reform in the Middle East and North Africa since 1950." *Journal of Economic Perspectives*, 18(3), pp.91-116.

The Economist (2011) "Africa's Hopeful Economies: The Sun Shines Bright." Dec. 3, 2011, <http://www.economist.com/node/21541008>

Recommended: Boschini, A.D., J. Pettersson, and J. Roine (2007) "Resource Curse or Not: A Question of Appropriability." *Scandinavian Journal of Economics* 109(3), pp.593-617.

### **Week 4: The poor and the private sector**

Who are the poor? What are the key issues in their participation in market economies and development processes? How does this change as industrialization and globalization march on? Likewise, what does it mean to refer to "business" as a category of actors in development and poverty alleviation? How do their roles form? What is their relationship to the political aspects of development?

## Tuesday, January 29: Views of the poor as agents

Farmer, P. (1996) "On Suffering and Structural Violence: A View from Below." *Daedalus* 125(1), pp.261-283.

Banerjee, A.V., and E. Duflo (2007) "The Economic Lives of the Poor." *Journal of Economic Perspectives*, 21(1), pp.141-67.

Scott, J.C. (1976) "Implications for the Analysis of Exploitation: Reciprocity and Subsistence as Justice," Ch.6 from *The Moral Economy of the Peasant: Rebellion and Subsistence in Southeast Asia*, pp.157-192, New Haven: Yale University Press.

Recommended: Chatterjee, P. (2008) "Democracy and Economic Transformation in India." *Economic and Political Weekly*, April 19, 2008, pp. 53-62.

## Thursday, January 31: Needs and contributions of the private sector

Tendler, J. and M.A. Amorim (1996) "Small Firms and Their Helpers: Lessons on Demand." *World Development* 24(3), pp.407-426.

Doner, R. and B.R. Schneider (2000). "Business Associations and Economic Development: Why Some Associations Contribute More than Others." *Business and Politics* (2:3), pp.261-288.

Gorg, H. and D. Greenaway (2004) "Much Ado about Nothing? Do Domestic Firms Really Benefit from Foreign Direct Investment?" *World Bank Research Observer*, 19(2), pp.171-197.

Recommended: Story, L. (2012) "As Companies Seek Tax Deals, Governments Pay High Price." *The New York Times*, U.S., Dec. 1, 2012. <http://www.nytimes.com/2012/12/02/us/how-local-taxpayers-bankroll-corporations.html?hp&r=0>

Baumol, W.J. (1990) "Entrepreneurship: Productive, Unproductive, and Destructive." *Journal of Political Economy*, 98(5), pp.893-921.

## Week 5: Foreign aid and international development institutions

What powers and capacities are possessed by international organizations that were created to encourage development and alleviate poverty? How do the types of institutions emerge from key ideological assumptions? How do their projects play out when implemented in a messy world of incongruous interests and understandings?

## Tuesday, Feb. 5: The Bretton Woods institutions

Lateef, K.S. (1996) "The World Bank: Its First Half Century." Pp.291-304 of Roe Goddard, C., J.T. Passé-Smith, and J.G. Conklin, eds, *International Political Economy: State-Market Relations in the Changing Global Order*. Boulder, CO: Lynne Rienner Publishers, Inc.

Rich, B. (1996) "World Bank/IMF: 50 Years Is Enough." pp. 305-313 of Roe Goddard, C., J.T. Passé-Smith, and J.G. Conklin, eds, *International Political Economy: State-Market Relations in the Changing Global Order*. Boulder, CO: Lynne Rienner Publishers, Inc.

Pastor, M. (1987) "The Effects of IMF Programs in The Third World: Debate and Evidence from Latin America." *World Development* 15(2), pp.249-262.

Rajagopal, B. (2000) "From Resistance to Renewal: The Third World, Social Movements, and the Expansion of International Institutions." *Harvard International Law Journal*, 41(2), pp.529-578.

#### Thursday, Feb. 7: Non-Governmental Organizations (NGOs)

Simmons, P.J. (1998) "Learning to Live with NGOs." *Foreign Policy* No. 112, pp.82-96.

Sanyal, B. (1996) "The Myth of Development from Below." Unpublished mimeo.

Swidler, A. and S.C. Watkins (2009) "'Teach a Man to Fish': The Sustainability Doctrine and Its Social Consequences." *World Development* 37(7), pp.1182-1196.

#### **Week 6: Nation-states: The Once and Future Unit of Analysis?**

Why have nation-states historically been the primordial unit of development? How do forces of globalization interact with nation-states to reconfigure their powers and constraints? How can we identify "room to maneuver" for nations to establish context-appropriate development policies?

#### Tuesday, Feb. 12: States and globalization

Mann, M. (1997) "Has Globalization Ended the Rise and Rise of the Nation-State?" *Review of International Political Economy*, 4(3), 1997.

Block, F., and P. Evans (2005) "The Roles of the State in the Economy." In Smelser, N.J. and R. Swedberg, eds. *The Handbook of Economic Sociology*. Princeton University Press, pp.505-526.

Evans, P. (2008) "In Search of the 21<sup>st</sup> Century Developmental State." *University of Sussex Center for Global Political Economy Working Paper Series*, December 2008, Working Paper No. 4.

#### Thursday, Feb. 14: National policy space and some models

Chang, H.J. (2005) "Policy Space in Historical Perspective – with special reference to Trade and Industrial Policies." Talk presented at Tufts University, October 27, 2005, on the occasion of the award of the 2005 Leontief Prize.

The Economist (2012) "Special Report: State Capitalism." January 21, 2012. <http://www.economist.com/node/21542931>

Sandbrook R., M. Edelman, P. Heller, and J. Teichman (2007) "Social Democracy in the Periphery." Ch. 1 of *Social Democracy in the Global Periphery: Origins, Challenges, Prospects*, pp.3-\_. Cambridge University Press.

#### **Week 7: Contemporary and sub-national approaches to poverty alleviation**

Where has the common wisdom on development traveled since the ideological triumph of market over planning-oriented policy models? What are the implications of treating development and poverty at the unit of the individual? Does treating development at the regional level offer any special leverage not found at the individual or the national levels?

## Tuesday, Feb. 19: Contemporary micro-approaches as putative successors to the "Washington Consensus"

Banerjee, A.V., and E. Duflo (2008) "The Experimental Approach to Development Economics." *NBER Working Paper 14467*, <http://www.nber.org/papers/w14467>

Morduch, J. (1999) "The Microfinance Promise." *Journal of Economic Literature*, vol. 37, pp.1569-1614.

Edwards, M. (2009) "Gates, Google, and the Ending of Global Poverty: Philanthrocapitalism and International Development." *Brown Journal of World Affairs* 15(2), pp. 37-42.

## Thursday, Feb. 21: Regional growth in global value chains

Gereffi, G. (1999) "International Trade and Industrial Upgrading in the Apparel Commodity Chain." *Journal of International Economics*, vo. 48, pp.37-70.

Kaplinsky, R. (2000) "Globalisation and Unequalisation: What Can Be Learned from Value Chain Analysis?" *The Journal of Development Studies*, 37(2), pp.117-146.

Nadvi, K. (2008) "Global Standards, Global Governance and the Organization of Global Value Chains." *Journal of Economic Geography*, vol. 8, pp.323-343.

Recommended: Pipkin, S. (2011) "Local Means in Value Chain Ends: Dynamics of Product and Social Upgrading in Apparel Manufacturing in Guatemala and Colombia." *World Development*, 39 (12), pp.2119-2131.

## Week 8: Shifting patterns of growth and inequality

How are patterns of growth and poverty prevalence changing in the 21<sup>st</sup> century? For what reasons is the degree of inequality, as opposed to aggregate growth, coming to the fore as an economic concern? Have we reached a turning point in the relationship between and relative challenges of the "advanced" versus "developing" countries?

## Tuesday, February 25: Global economic multipolarity and inequality trends

Rosling, H. (2006) "Hans Rosling: Stats That Reshape Your Worldview." *TED Talk*, Feb. 2006, [http://www.ted.com/talks/hans\\_rosling\\_shows\\_the\\_best\\_stats\\_you\\_ve\\_ever\\_seen.html](http://www.ted.com/talks/hans_rosling_shows_the_best_stats_you_ve_ever_seen.html)

Wade, R.H. (2005) "Globalization, Poverty, and Inequality." From Ravenhill, J. (ed.), *Global Political Economy*, pp.291-317. Oxford: Oxford University Press.

Korzeniewicz, R.P., and T.P. Moran (2006) "World Inequality in the Twenty-First Century: Patterns and Tendencies."

Recommended: Levy, F. and P. Temin (2007) "Inequality and Institutions in 20<sup>th</sup> Century America." MIT Department of Economics Working Paper Series, 07-17.

## Thursday, February 27: Some issues of advanced nations, and international

governance Lewis, M. (2011) "California and Bust." *Vanity Fair*, November 2011, <http://www.vanityfair.com/business/features/2011/11/michael-lewis-201111>

The World Bank (2011) "Overview." From *Global Development Horizons 2011: Multipolarity: The New Global Economy*, pp.1-12. <https://openknowledge.worldbank.org/handle/10986/2313>

Skidelsky, R. (2012) "After the Crash: The Future of Globalisation." *Survival: Global Politics and Strategy*. 54(3), pp.7-28

Vom Hau, M., J. Scott, and D. Hulme (2012) "Beyond the BRICs: Alternative Strategies of Influence in the Global Politics of Development." *European Journal of Development Research*, 24(2), pp.187-204.

Recommended: Frieden, J., M. Pettis, D. Rodrik, E. Zedillo (2012). "Macro is the New Trade: Future Problems of the International Economy," from *After the Fall: The Future of Global Cooperation*, Geneva Reports on the World Economy 14, pp. 61-80.

### **Week 9: Alternative paradigms**

Is rapid, worldwide economic growth possible? Does Keynes' framework have implications for managing global trade relations at a time when the returns to manufacturing are rapidly diminishing? Does this approach effectively address the problems that neoliberal models create for the poor? What remains for advanced and developing countries alike to complete a "post-industrial" transition, particularly with attention to outcomes for workers?

#### **Tuesday, March 5: Neo-Keynesianism**

Skidelsky, R. (2009) "Keynes's Economics," and "Keynes for Today," from *Keynes: The Return of the Master*, pp. 75-98, 165-194. New York: PublicAffairs.

Turner, A. (2012) "Economic Growth, Human Welfare, and Inequality." *Economics After the Crisis*, pp.1-34. Cambridge: MIT Press.

Block, F. (2010) "Crisis and Renewal: The Outlines of a Twenty-First Century New Deal." *Socio-Economic Review*, 2010, pp.1-27.

#### **Thursday, March 7: "Small is beautiful" and de-linking growth from wellbeing**

Jacobs, J. (1970) "The Valuable Inefficiencies and Impracticalities of Cities." From *The Economy of Cities*, pp. 85-121. New York: Random House.

Neamtam, N. (2005) "The Social Economy: Finding a Way between the Market and the State." *Policy Options*, July-August 2005, pp. 71-76.

Schor, J.B. (2005) "Sustainable Consumption and Worktime Reduction." *Journal of Industrial Ecology*, 9(1-2), pp.37-50.

### **Week 10: Presentations of student paper topics: Schedule and logistics TBD**