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Political Economy of Poverty Alleviation
PLSC 20611
Winter 2007

Course meets Monday and Wednesday, 3:00 pm - 4:20 pm
Social Sciences Research Building (SS) 107
Please check Chalk website weekly for syllabus updates

Course Description:

This is a seminar course that surveys the field of political and economic development and its relation with poverty alleviation. The purpose is to introduce the student to the current debate on theories and recent empirical findings on poverty alleviation and in particular its relation to politics and political regimes. It addresses general issues such as what is development, what is poverty and inequality, and what is (and ought to be) the role of the state in the process of poverty alleviation. It also deals with more specific questions such as the relation between different political regimes and their impact on poverty alleviation and development, and the effect that institutions, geography, colonial legacy, globalization and international aid have on political and economic development. Empirical evidence is drawn from recent experiences in Latin America, Sub-Saharan Africa, and South Asia.

Course Requirements:

Class Presentation (30%). Each student will give a ten minutes presentation, at the beginning of one class, on the specific portion of the readings assigned for that day. In addition, the student has to write a paper (no longer than 5 double spaced pages) that summarizes his/her presentation, due the day of the class.

Research Paper (50%). Each student is expected to write a 15 pages paper, due the last day of final exams week (Friday March 15, 2007) no later than 5:00 pm. There are three options: (1) to write a critical review of the readings assigned in a week; (2) to write a research paper on the political economy of poverty alleviation of one country of their interest; or (3) to write a research proposal. In any case, the student should contact the instructor the get an approval of his/her plans on or before Friday January 26, 2007.

Attendance and Participation (20%). All students are expected to read, before class, the assigned readings for the week and be prepared to discuss and argue about them.

Readings:

**Week 1. Introduction to the course
[January 3]**

No readings assigned

**Week 2. What is Development?
[January 8 and 10]**

Required:

Sen, Amartya. 1999. *Development as Freedom*, Anchor Books Chapter 2 “The Ends and the Means of Development”, pp.35-54.

Anand and Ravallion. 1993. “Human Development in Poor countries: On the role of private incomes and public services,” *Journal of Economic Perspectives*, pp.133- 150.

Easterly, William. 2001. *The Elusive Quest for Growth: Economists’ Adventures and Misadventures in the Tropics*, MIT Press, Ch.1 pp. 5-19

Evans, Peter. 2004. “Development as Institutional Change: The Pitfalls of Monocropping and the Potentials of Deliberation,” *Studies in Comparative International Development*, pp.30-52.

Oswald. 1997. “Happiness and Economic Performance,” *Economic Journal*, pp.1815-1829.

Frey and Stutzer. 2002. “What can economists learn from happiness?,” *Journal of Economic Literature*, pp.402-435

Recommended:

Debraj Ray. 1998. *Development Economics*, Ch.2, pp.8-44

Alesina, Di Tella and MacCulloch. 2004. “Inequality and Happiness: Are Europeans and Americans Different?” *Journal of Public Economics*

Kaushik Basu. 2001. “On the Goals of Development” in Meier and Stiglitz, *Frontiers of Development Economics: The Future in Perspective*, pp.61-83

***Week 3. What is Poverty?
[January 17]**

Required:

Kanbur and Squire. 2001. “The Evolution of Thinking about Poverty: Exploring the interactions” in Meier and Stiglitz *Frontiers of Development Economics: The Future in Perspective*, World Bank

Banerjee and Duflo. 2006. “The Economic Lives of the Poor” mimeo

Sen, Amartya. 1983. *Poverty and Famines: An Essay on Entitlement and Deprivation*. Oxford University Press Chapters 2 & 3 “Concepts of Poverty” and “Poverty: Identification and Aggregation”, pp. 9-38.

Sen, Amartya. 1999. *Development as Freedom*, Anchor Books Chapter 4 “Poverty as Capability Deprivation”, pp. 87-110

Skim:

UNDP. 2003. “Overview”, Human Development Report 2003

UNDP. 2003. “Millennium Development Compact”, 2003 Human Development Report

UNDP. 2003. “Millennium Development Goals”, 2003 Human Development Report

UNDP. 2003. “Millennium Development Indices”, 2003 Human Development Report

UNDP. 2004. “Calculating the Human Development Indices”, Technical Notes to the 2004 Human Development Report.

Recommended:

Sen, Amartya. 1976, “Poverty: An Ordinal Approach to Measurement”, *Econometrica*, 44,2: 219-387

Week 4. Government Intervention, Political Regimes and Economic Development [January 22 and 24]

Required:

Krueger, Anne O. 1990. “Government Failures in Development” *Journal of Economic Perspectives*, 4: 9-23

Acemoglu, Daron and Thierry Verdier. 2000. “The Choice Between Market Failures and Corruption” *American Economic Review*, 90: 194-211

Robinson, James A. 1998. “Theories of Bad Policy” *Journal of Policy Reform*, 3: 1-46

Przeworski, Adam and Fernando Limongi. 1993. “Political Regimes and Economic Growth”, *Journal of Economic Perspectives*

Robinson, James. 2006. “Economic Development and Democracy” *Annual Review of Political Science*, 9: 503-527

Sirowy, Larry, and Inkeles, Alex. 1990, “The Effects of Democracy on Economic Growth and Inequality: A Review”, *Studies in Comparative International Development* 25: 126-157

Przeworski, Adam and Fernando Limongi. 1997. “Modernization: Theories and Facts”, *World Politics* 49

Recommended:

Przeworski, Adam, Michael E. Alvarez, Jose Antonio Cheibub, and Fernando Limongi. 2000. *Democracy and Development: Political Institutions and Well-Being in the World, 1950-1990*, Cambridge University Press

Stiglitz, Joseph. 1997. "The Role of governments in the Economies of Developing Countries" in Edmond Malinvaud et al. *Development Strategy and the Management of the Market Economy*, Volume 1.

Evans, Peter. 1992. "The state as a problem and solution: predation, embedded autonomy, and structural change" in Haggard and Kaufman *The Politics of Economic Adjustment* pp. 143-179

Grindle, Merilee. 2001. "In Quest of the Political: The Political Economy of Development Policymaking" in Meier and Stiglitz, *Frontiers in Development Economics*

Haggard, Stephan. 1990. *Pathways from the Periphery: The Politics of Growth in the Newly Industrializing countries*, Cornell University Press

Week 5. Political Regimes and Poverty [January 29 and 31]

Required:

Ross, M. 2006 "Is Democracy Good for the Poor?" *American Journal of Political Science*

Varshney, Ashutosh. 2000, "Why Have Poor Democracies Not Eliminated Poverty? A Suggestion", *Asian Survey*, 40,5: 718-736

Lindert, Peter. 2004. *Growing Public: Social Spending and Economic Growth since the 18th Century*, Chapters 3 and 4.

Pande, Rohini. 2003. "Can Mandated Political Representation Increase Policy Influence for Disadvantaged Minorities? Theory and Evidence from India" *American Economic Review*, 93, 4: 1132-1151

Sen, Amartya. 1999. *Development as Freedom*, Anchor Books Chapters 6 & 7 "The Importance of Democracy" and "Famines and other Crises", pp. 146-188

Week 6. Redistributive Politics and Inequality [February 5 and 7]

Required:

Alesina, A. and Dani Rodrik. 1994. "Distributive Politics and Economic Growth", *Quarterly Journal of Economics*

Banerjee A. and Esther Duflo. 2003. "Inequality and Growth: What can the Data Say?" mimeo

Acemoglu and Robinson. 2001. "Inefficient Redistribution" *American Political Science Review*, 95: 649-661

Rodrik, Dani. 1996. "Understanding Economic Policy Reform", *Journal of Economic Literature*, 34: 9-41

Weingast, Barry; Shepsle, Kenneth; and Johnsen, C. 1981, "The Political Economy of Benefits and Costs: A Neoclassical Approach to Distributive Politics", *Journal of Political Economy* 89: 642-664

Skim:

Jonah B. Gelbach and Lant Pritchett. 2002 "Is More for the Poor Less for the Poor? The Politics of Means-Tested Targeting," *The B.E. Journal of Economic Analysis & Policy*: Vol. 2: Iss. 1 (Topics), Article 6.

Piketty, Thomas. 1995. "Social Mobility and Redistributive Politics", *Quarterly Journal of Economics*

Dixit and Londregan. 1995. "Redistributive Politics and Economic Efficiency", *American Political Science Review*, 89:856-866

Recommended:

Alesina, Alberto and Eliana La Ferrara. 2000. "Preference for Redistribution in the Land of Opportunities" mimeo Harvard

Persson, Torsten, and Guido Tabellini. 1994. "Is Inequality Harmful for Growth?" *American Economic Review*, 84: 600-621

**Week 7. Command over market purchased goods (income poverty)
[February 12 and 14]**

Required:

Dollar and Kray. 2004. "Trade, Growth, and Poverty" *Economic Journal*

Besley and Burgess. 2000. "Land Reform, Poverty Reduction, and Growth: Evidence from India" *Quarterly Journal of Economics*

Sen, Amartya. 1995, "The Political Economy of Targeting", in van de Walle, D. and Nead, K. *Public Spending and the Poor*, Baltimore and London: Johns Hopkins University Press

Sen, Amartya. 1999. *Development as Freedom*, Chapter 5 "Markets, State and Social Opportunity", pp. 111-145

**Week 8. Living standards: Longevity, Literacy, and Health
[February 19 and 21]**

Required:

Ghobarah, Hazem Adam, Paul Huth, and Bruce Russett. 2004. "Comparative Public Health: The Political Economy of Human Misery and Well-Being." *International Studies Quarterly*. 48: 1

Banerjee, Deaton, and Duflo. 2003. "Wealth, health, and health services in rural Rajasthan," mimeo

Easterly, William. 2001. "Growth without development: A case study of Pakistan," mimeo also in Rodrik, Dani (ed) *In Search of Prosperity: Analytic Narratives on Economic Growth*, Princeton University Press

Tharamangalam, Joseph. 1998. "The Perils of Social Development Without Economic Growth: The Development Debacle in Kerala, India"

Alex de Waal. 2003. "How will HIV/ AIDS transform African Governance?" *Africa Affairs* 102: 1-23.

Mariscal and Sokoloff. 2000. "Schooling, Suffrage and the Persistence of Inequality in the Americas, 1800–1945," in Stephen Haber, ed., *Political Institutions and Economic Growth in Latin America* Stanford: Hoover Institution Press, 2000, pp. 159–218

Pritchett, Lant. 2001. "Where has all the Education Gone?" *The World Bank Economic Review*, 15, 3: 367-391

Alderman, Harold, Jere R. Behrman, Victor Lavy, and Rekha Menon. 1997. "Child Nutrition, Child Health, and School Enrollment: A Longitudinal Analysis", *Policy Research Working Paper* 1700. Policy Research Department, World Bank, Washington, D.C.

Recommended:

Miguel and Kremer. 2004. "Worms," *Econometrica*

Oster. 2005. "Sexually transmitted infections, sexual behavior, and the AIDS/HIV epidemic," *Quarterly Journal of Economics*

Jones, Jennifer. 2004. "The End is Nigh: The Varied Responses of African States to AIDS" Paper presented at the annual meeting of American Political Science Association

Squire, Lyn. 1993. "Fighting Poverty" *American Economic Review*, Papers and Proceedings 83 (2): 377-82

***Week 9. Political Participation of the Poor and Clientelism
[February 26. Note: no class on February 28]**

Required: [Political Participation]

Lijphart, Arendt. 1997. "Unequal Participation: Democracy's Unresolved Dilemma." *American Political Science Review*, 91: 1-14

Alesina, Alberto, Reza Baqir, and William Easterly. 1999. "Public Goods and Ethnic Divisions." *Quarterly Journal of Economics*, November, 1243-84

One of the following three:

[1] Bratton, Michael and Robert Mattes. 2001. "Africans' Surprising Universalism." *Journal on Democracy*, 12: 107-21

[2] Krishna, Anirudh. 2006. "Poverty and Democratic Participation Reconsidered: Evidence from the Local Level in India." *Comparative Politics*, forthcoming

[3] Mattes, Robert, Michael Bratton, and Yul Derek Davids. 2003. "Poverty, Survival, and Democracy in Southern Africa." *Afrobarometer Paper* No. 23

Required: [Clientelism]

Susan Stokes, "Perverse Accountability: A Formal Model of Machine Politics with Evidence from Argentina." *American Political Science Review*.

One of the following three:

[1] Magaloni, Beatriz, Alberto Diaz-Cayeros, and Federico Estévez, "The erosion of party hegemony, clientelism and portfolio diversification: The Programa Nacional de Solidaridad (Pronasol) in Mexico." In Herbert Kitschelt and Steven Wilkinson, editors, *Patrons or Policies? Patterns of Democratic Accountability and Political Competition*. Unpublished manuscript, Duke University.

[2] Valeria Brusco, Marcelo Nazareno, and Susan Stokes, "Vote Buying in Argentina," *Latin American Research Review*, 39(2), June 2004.

[3] Jonathan Fox, "The Difficult Transition from Clientelism to Citizenship: Lessons from Mexico". *World Politics* 46(2):151-184.

Week 10. International Aid

[March 5 and 7]

Required:

Azam, Jean Paul and Jean-Jacques Laffont. 2003. "Contracting for Aid" *Journal of Development Economics*, 70: 25-58

Boone, P. 1996. "Politics and the Effectiveness of Foreign Aid", *European Economic Review* 40(2): 289-329

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

Robinson, James. 2003, "Politician-proof Policy?" 2005. *Desarrollo y Sociedad*, Vol. 55, 1-56. [Prepared as a background paper for the World Bank's 2004 World Development Report.]

Vreeland, James and Adam Przeworski. 2000 "The Effect of IMF Programs on Economic Growth" *The Journal of Development Economics* 62 (2): 385-421