

SOUTH ASIAN UNIVERSITY

POVERTY AND INEQUALITY

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This course is divided in two parts. Part I is taught by Anirban Dasgupta, and Part II by Snehashish Bhattacharya.

Part I of the course will focus on the different conceptualizations of poverty and discuss the effectiveness of select anti-poverty interventions in different parts of the developing world. As a background to the above, the course will start with a discussion of the history of poverty thought in Anglo-Saxon world that has been influential in the evolution of current thinking in poverty studies.

Part II of the course examines the distributional aspects of economic development in terms of issues of inequality and vulnerability. It introduces theoretical approaches to measuring inequality and vulnerability; relationship between inequality and growth; institutions and income distribution; class and income distribution; and some normative criteria of distributive justice and fairness.

The following are some general references for the course:

1. Abhijit Banerjee, Roland Benabou and Dilip Mookherjee (2006): *Understanding Poverty*. Oxford University Press
2. Jean Dreze and Amartya Sen(1989): *Hunger and Public Action*. UNU-WIDER Series in Development Economics, Oxford University Press
3. D. B. Grusky and R. Kanbur (eds.), *Poverty and Inequality*. Stanford: Stanford University Press
4. Debraj Ray (1998): *Development Economics*. Oxford University Press
5. Amartya Sen (1997), *On Economic Inequality*. Oxford: Oxford University Press

Evaluation: The final grade for the course will be based on a mid-term (50 percent) and a final exam (50 percent).

A tentative list of topics and readings to be covered in the course is given below. The list will be modified/altered, and some readings may be made optional, depending on the progress of the class and interest of the students.

PART I

1. History of Thinking about Poverty

History of Anglo-Saxon Poverty and Poor Laws; The Use of Poverty Line: History and its limitations

[1] Majorie McIntosh (2005): Poverty, Charity and Coercion in Elizabethan England. *Journal of Interdisciplinary History*

[2] Alan Gillie (1996): The Origin of the Poverty Line. *Economic History Review*

[3] Ashwani Saith (2005): Poverty Lines versus the Poor: Method versus Meaning. *Economic and Political Weekly*

2. Concepts and Measurement of Poverty

Monetary measures: Headcount, Foster Greer Thorbecke, Sen; Critique of the poverty line approach; Absolute vs. Relative Poverty; Human Development and capability; Millennium Development Goals and Poverty; Social Exclusion; Participation; How does method of measurement matter?

[1] Debraj Ray (1997) *Development Economics*. Oxford University Press. Chapter 8 on Poverty and Under-Nutrition

[2] World Bank (2004) *Poverty Manual*, Chapter 4 Measures of Poverty

[3] James Foster; Joel Greer; Erik Thorbecke (1984) A Class of Decomposable Poverty Measures, *Econometrica* Vol. 52, No. 3. pp. 761-766.

[4] Catrina Laderchi, Ruhi Saith and Frances Stewart (2003) Does it matter that we don't agree on the definition of poverty? A comparison of four approaches. *Working Paper no 107*, Queen Elizabeth House, Oxford University

[5] Thomas Pogge and Sanjay Reddy (2006): Unknown: Extent, Distribution and Trend of Global Income Poverty. *Economic and Political Weekly*

[6] Amartya Sen (1983), "Poor, Relatively Speaking", *Oxford Economic Papers*, vol. 35 no. 2, pp. 153-169

[7] Amartya Sen (2003) "Development as Capability Expansion," in *Readings in Human Development*, S. Fukuda-Parr et al., eds. (New Delhi and New York: Oxford University Press, 2003).

[8] United Nations Development Programme(2011) Technical Notes to *Human Development Report 2011*. New York. UNDP and Oxford University Press

[9] Ashwani Saith (2006), From Universal Values to Millennium Development Goals: Lost in Translation. *Development and Change*, 37: 1167-1199

[10] Lu Caizhen (2010): Who is poor in China? A comparison of alternative approaches to poverty assessment in Rural Yunnan, *Journal of Peasant Studies*, 37:2, 407-428

3. Anti-Poverty Interventions

Macro vs. Micro Interventions; Targeting vs. Universalism; Micro-credit; Micro Health Insurance; Education and Poverty; Basic Income Grant; Conditional Cash Transfer.

[1] Thandika Mkandawire (2005): Targeting and Universalism in Poverty Reduction. *UNRISD Research Paper*, Geneva

- [2] Jonathan Murdoch (2000): The Microfinance schism. *World Development*
- [3] Naila Kabeer (2001): Conflict over Credit: Re-evaluating the empowerment potential of loans to women in rural Bangladesh. *World Development*
- [4] Tara Sinha, M. Kent Ranson and Anne Mills (2007) Protecting the Poor: The distributional impact of a bundled insurance scheme. *World Development* Vol. 35, No. 8, pp. 1404–1421
- [5] Johannes Jutting (2004): Do Community based Health Insurance Schemes Improve Poor People’s Access to Healthcare: Evidence from Rural Senegal. *World Development*
- [6] Anthony Hall (2008): Brazil’s Bolsa Familia: A Double Edged Sword? *Development and Change*
- [7] Guy Standing (2008) How Cash Transfers Boost Work and Economic Security. *UN Department of Economic and Social Affairs Working Paper*
- [8] J. B. G. Tilak (2002) Education and Poverty. *Journal of Human Development* Volume 3 Issue 2

PART II

1. Inequality: An introduction

Class lecture

2. Inequality: Theories and measurements

- [1] D. B. Grusky and Ravi Kanbur (2006), “Introduction: Conceptual Foundations of Poverty and Inequality Measurement” [chapter 1], in D. B. Grusky and R. Kanbur (eds.), *Poverty and Inequality* (Stanford: Stanford University Press)
- [2] Amartya Sen (1997), “Measures of Inequality” [chapter 2], in *On Economic Inequality* (Oxford: Oxford University Press)
- [3] Amartya Sen (1983), “Poor, Relatively Speaking”, *Oxford Economic Papers*, vol. 35 no. 2, pp. 153-169
- [4] Branko Milanovic (2006), Global Income Inequality: What Is It and Why Does It Matter?, *World Bank Policy Research Working Paper 3865* (Washington DC: The World Bank)
- [5] Branco Milanovic (2013), “Global Income Inequality in Numbers: In History and Now”, *World Bank Policy Research Paper*, 4(2): 198-208.
- [6] Richard Wolff and Stephen Resnick (1996), “Power, Property and Class” [chapter 5], in Victor Lippit (ed.), *Radical Political Economy*, pp. 140-162 (Armonk, NY: M E Sharpe)
- [7] Debraj Ray (1998), “Economic Inequality” [chapter 6] and “Inequality and Development: Interconnections” [chapter 7], in *Development Economics* (Princeton: Princeton University Press)

3. Inequality and growth

- [1] Ravi Kanbur (2005), “Growth, Inequality and Poverty: Some Hard Questions”, *Journal of International Affairs*, 58(2): 223-232.

[2] P. Aghion and E. Caroli, and C Garcia-Penalosa (1999), "Inequality and Economic Growth: The Perspective of the New Growth Theories", *Journal of Economic Literature*, Vol. 37, No. 4, pp. 1615-1660.

[3] Thomas Picketty (2006), "The Kuznets' Curve: Yesterday and Tomorrow" [chapter 5], in A. V. Banerjee, R. Benabou and D. Mookherjee (eds.), *Understanding Poverty* (Oxford: Oxford University Press)

[4] Nancy Birdsall, David Ross and Richard Sabot (1995), "Inequality and Growth Reconsidered: Lessons from East Asia", *World Economic Review*, Vol. 9, No. 3, pp. 477-508

[5] D. E. Sahn (2006), "Equality of What? Evidences from India" [chapter 6], in A. de Janvry and R. Kanbur (eds.), *Poverty, Inequality and Development* (US: Springer)

4. Inequality and capitalism in the twenty-first century

[1] Thomas Piketty (2015), "About *Capital in the Twenty-First Century*", *American Economic Review*, 105(5): 1-6

[2] Branco Milanovic (2014), "The Return of "Patrimonial Capitalism": A Review of Thomas Piketty's *Capital in the Twenty-First Century*", *Journal of Economic Literature*, 52(2): 519-534

[3] James Galbraith (2014), "Unpacking the First Fundamental Law", *Real-World Economic Review*, Issue no. 69: 145-149

[4] J. E. King, "The Literature on Piketty", *Review of Political Economy*, 29(1):1-17

5. Inequality and economic crisis in "advanced" capitalist countries

[1] Gérard Duménil and Dominique Lévy (2004), "Neoliberal Income Trends: Wealth, Class and Ownership in the USA," *New Left Review*, 30: 105-33

[2] Engelbert Stockhammer (2013), "Rising Inequality as a Cause of the Present Crisis", *Cambridge Journal of Economics*, 39 (3): 935-958

[3] Stephen Resnick and Richard Wolff (2010), "The Economic Crisis: A Marxian Interpretation," *Rethinking Marxism*, 22(2): 170-86

[4] David Ruccio (2017), "Class and Trumponomics", *Real-World Economic Review*, Issue no. 78: 62-85

6. Distributive justice

[1] Anthony Atkinson (2013), *Inequality: What Can be Done* [selected parts] (Cambridge, Massachusetts, and London: Harvard University Press)

[2] Philippe Van Parijs (2004), "Basic Income: A Simple and Powerful Idea for the Twenty-First Century", *Politics & Society*, 32(1): 7-39

[3] George DeMartino (2000), "Distributive Justice and Economic Heterodoxy," in *Global Economy, Global Justice: Theoretical Objections and Policy Alternatives to Neoliberalism*, pp. 91-124 (New York: Routledge)