

## World Poverty & Sustainable Development Course calendar

**Darryl McLeod Economics Office hours:** M & Th 5:30-6:30pm starting in 204 Dealy and Wednesday 9:30-10:30pm in E527 Dealy Hall. Always best to confirm appointments by email [mcleod@fordham.edu](mailto:mcleod@fordham.edu) please put ECON 3240 in the subject line of your email; or call my cell to confirm (914-661-6998) x4063 rarely works (don't leave messages there). *This calendar provides lecture topics and links notes discussion questions and some readings; the [course syllabus](#) has course requirements, and texts, topics, etc. If any links in this calendar do not work or the syllabus do not work, please send me an email, I can usually fix these quickly. Most assignments should be turned in at [turnitin.com](http://turnitin.com) Class ID 5991208 password: Ethiopia. Let me know if have trouble viewing videos, these are important, most are on YouTube, if they are not, we can put them there, except for the PBS documentary of course—the various Why Poverty documentaries are there already (see also the PBS site is for Let's Get Married for example, PBS has transcripts and interviews, even when the whole documentary is not available there). There are basically two locations for all the readings, review sheets etc. one is [class.povertylectures.com/](http://class.povertylectures.com/) the other is [www.gdsnet.org/](http://www.gdsnet.org/) anything else before the name of the file can result in a "file not found" error. Let me know by email if this happens, but you may also be able to view the file by putting one of the above locations before the name of the file you are trying to open.*

May-13						
Sun	Mon	Tue	Wed	Thur	Fri	Sat
28	29	30	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	1

**Final exam times/options:** Monday May 13<sup>th</sup>, 1:30pm 204 Dealy or **6:30pm E-530 Dealy** (conference room near my office on the 5<sup>th</sup> floor of Dealy Hall).

**Review session:** **5-6pm Wednesday May 8<sup>th</sup> (note time change)** or Thursday May 9<sup>th</sup> 12-1pm Economics Conference room E-503 Dealy and 12-1pm Monday May 13<sup>th</sup> (if you prefer a Saturday 2pm review session, let me know by email). The review sessions are really a group office hours. I will not present any new material. See also [the final review sheet](#) and answers posted to [quiz 4](#) and [quiz 5](#). Most of the short answer questions on these Quizzes will almost certainly be on the final exam. Use the review sheet [Quiz 4/5](#), which will be April 29<sup>th</sup>, short 15 minutes, mainly to ready for the final exam. See the Quiz 4 and [quiz 5 review](#) sheets for more information (plus some sample questions). Will post answers to MC and FIB on Friday April 3<sup>rd</sup> or Saturday latest, ask in class Thursday if you are not sure, why the answer is correct is as important as what the correct answer is. Also, there is the Jeopardy problem, answers to questions on quizzes often show up with different questions on final. The take-away discussed in class from the two lectures will also be part of the exam, but you will have the option of answering either one. For example, the chain index/B&D how hungry are the poor points from Dr. d'Souza's talk, the potential for manufacturing exports in Ethiopia, famine prevention in Burkina Faso and the role of aid in cases for the Zafar presentation. Given the tragic events in Dhaka, please review the Kristof-ILO debate on Better Factories program (Disney says it will not buy clothes unless BGD joins this program, as Cambodia and Vietnam have).

**Your take on Ali Zafar or Anna d'Souza talks due Saturday May 6<sup>th</sup> latest:** After that will open both assignments on turnitin.com for "peer review" so others can see what you found interesting in both presentations, and will post slides from both talks, then, say next Tuesday, most have mentioned the most interesting thing they learned from the talk, which is nice, we will have question about these presentations on final exam, mainly based on what I thought was relevant to our course (e.g. Dr. D'Souza's findings related to the Obama chain index proposal for example) but that could change after get all the response papers posted. If for some reason you missed both talks, do a short bio of Wangari Maathai and why she is an important for poverty reduction and sustainable development in Africa (was she Catholic?). Post the bio on with one of the talk summaries, or both (perhaps you will get double credit!).

**Case study question revisions: the case study had several key ingredients:** a) the regional [Figure MDG-1](#) and a country Figure with poverty rates (click the figure on [Midterm review sheet](#) to find these) b) some information on MDGs 1-4, the Figure covers MDG 1. c) the main part of the essay, focused on a region specific issue d) a section you choose for microfinance or green revolution, something relevant to your country of choice. e) a list of references if any to beyond the required reading for the course. Perhaps you just missed one part and it is easy to fix. Turn in the Revision on Friday or Saturday May 4<sup>th</sup> at the latest. The revision is only worth doing if you less than 8/12 on your essay.

**Final exam May 9<sup>th</sup> or 13<sup>th</sup> 1:30pm 204 Dealy:** Essay questions for the final exam: (1) Discuss the links between climate change, poverty and population growth, as discuss in class and in the Ikea & washing machine videos by Hans Rosling (see also [Comunitas 2008 lecture notes](#)). (2) Discuss President Obama's claim that full time minimum wage worker is still poor (officially poor). Both the EITC and a higher minimum wage "make work pay" but what are the key differences between raising EITC payments and raising the minimum wage? Consider both from the point of view of fragile families and responsible fathers). Is President Obama thinking of fathers or mothers, in your view, when he advocates a higher minimum wage? (3) Discuss how women's agency works to raise poverty in the United States even as it increases poverty in BGD, India, China and Indonesia for example. Refer to Figure 7, for example, why is the share of births to unmarried women increasing for all age groups?

**Monday April 22<sup>nd</sup>:** your PBS poverty question are due April 23<sup>rd</sup> on turnitin.com. Monday or Thursday we will discuss the 1996 welfare reform, see the [lecture notes](#). See the PBS video and questions to go with below [watching the PBS](#) war on poverty film class. Just read the questions associated with your last name, so you know what to take notes on and perhaps take a quick look [at the U.S. poverty trends lecture notes](#) and the [war on poverty](#) lecture notes. We will also be discussing welfare reform and [urban poverty in 1990s](#). Immigration reform and U.S. poverty is also very topical, see [my and Professor Fuentes presentation](#) to a recent GSS conference.

**Monday April 15<sup>th</sup> 2013** your regional essay on South Asia, Sub-Saharan Africa or Latin America is due on turnitin.com<sup>1</sup>, each region has its own assignment on turnitin.com. See the [midterm review sheet](#) for questions and sources. In the meantime, we will be start discussing U.S. poverty in class starting with recent recession and the PBS (Blackside Films) special on America's War on poverty.



minute

**Monday April 8<sup>th</sup>, Part I of the 2 part midterm** in class, 45 multiple choice and short answer exam reprising quizzes 1-3 but also reflecting the core "solutions" readings discussed below. Part I of the midterm covers material from quizzes 1-3 including the optional questions from each quiz, plus short answer material covered by the [midterm review sheet](#). The multiple choice section of the midterm will be 15 points and take 40 minutes so we will have time to review in class. The short answer question should take about 20 minutes will focus on "poverty solutions" as outlined in Chapters 7-10 of Banerjee and Duflo, 2011 *Poor Economics* (ignore the diagrams and perhaps just skim Chapter 7). B&D call them good policies, that can work even if "INSTITUTIONS" (sic) are bad (see their concluding thoughts chapter). Other lists of solutions include Sachs, 2005 (chapter 12 especially the "scaling up" list on pages 260-65); Moyo [Forward, Chapter 1](#) and [chapter 8-9](#) (trade, remittances, microfinance) and Collier (2007) Chapters 7-11 (Chapter 11 and his postscript will almost do it).

**Friday April 5<sup>th</sup> submit your poverty/MDG data on a country/region of your choice on turnitin.com<sup>2</sup>** (the regional essay is not due until the follow Friday, April 12<sup>th</sup> HW Question 8.1 In preparation for your regional essay (see below) choose a region and a country, put together some data related to that country's or countries' progress on the first four MDGs. The [midterm review sheet](#) and the spreadsheet contain information on how to see

<sup>1</sup> Just in case, here is text from turnitin.com instructions, *Please answer one of the regional essay questions 1-3. Be sure to copy text from the each section of the question, and follow with your typed answer. Use standard reference format, no need to list references that are required readings, as in B&D, 2011 but do include page numbers and sources for data or facts or key arguments you use in your answer. Try to use the references provided on the review sheet, if you have questions or trouble with sources, please ask in class. Since this is a take home midterm question, email is not the best way to ask questions. However, check the midterm review sheet, as I can answer questions where everyone can see the answer.*

<sup>2</sup> Here is text from Turnitin.com instructions: *Please submit some information on (a) your choice of country/region for regional essay (b) data on MDG 1 for your country, is on track, home free or behind on MDGs 1-4. MDG 1 is most important, but information on 2-4 may also be helpful for your regional essay. The main purpose of this assignment is to let me know what regional essay you will answer and too make sure data is available for the country you are interested in.*

your country is on track. Get your poverty data from povcalnet.org, preferably [this spreadsheet](#). In addition you can use the Center for [Global Development MDG progress page](#) (suggested by Bono) or the [official UN site](#) or the most recent [Global Economic Monitoring Report](#). Are their projections consistent with yours? [Povcal.net tracks](#) poverty in three regions of interest to us: South Asia, Latin America and Sub-Saharan Africa (there they are below). Copy\* the Figure from the spreadsheet showing progress in reducing \$1.25/day poverty. In preparation for your regional essay, focus on a country or two, Ethiopia, Bangladesh or Honduras for example. Is \$1.25/day poverty falling fast enough, if yes how has your country done it, if not what can be done to reduce poverty and meet the other MDGs. This is the question you should address in case study essay (see below), not now, right now you are just choosing a country region and putting together a little data. Will your country/region achieve MDG 1? (halving the 1990 poverty by headcount by 2015?). Check the [spreadsheet with povcal data](#) and the discussion below for how to answer this question. See Figure MDG-1 and the Bangladesh Figure below. To see if a country is “on track” we can assume the rate of reduction in poverty for the last 3-6 years continues through 2015 (as with regional projections below). There three possibilities: 1. your country/region on track to achieve [MDGs 1-4](#) by 2015. 2. Your country/region has already achieved MDG 1-4, and 3. your country/region is not on track. Clearly, of the regions shown below, only Sub-Saharan Africa is not on track to achieve MDG-1. \*you can paste the graphic directly, but I suggest paste/special/picture/enhanced metafile.

**Wednesday April 3<sup>rd</sup>:** turn in your revised views on high interest rate and microcredit, based on [lecture notes](#) from Thursday and viewing [Aljazeera 101 East video](#) on MFIs in India, did the tragic events in Andhra Pradesh change your mind about microfinance or high interest rates? Why did borrowers in the film commit suicide? Is this a danger of the Latin American (Compartamos) MFIs as well? Why or why not. Did these events change the attitudes of Andhra Pradesh state government or MFIs such as Spandana (also discussed on page 196 of B&D, 2011)? If possible use a quote from our text or the videos or the NY Times to justify your answer to these questions. Why did lending suddenly stop in Andhra Pradesh? Is it likely to resume?<sup>3</sup>

**Monday March 18, 2013:** For this Wednesday March 20<sup>th</sup> midnight on turnitin.com post your quick but thoughtful response to the [Frontline Documentary](#) *Whose making money see the transcript here* (just 18 minutes, from about 2 minutes in to about 20 minutes—not the whole newscast). You may also want to read this [book review comparing the Asian and Latin American \(Accion\) models of microfinance](#), and a little of Collins et al., 2009 “[The price of money...](#)” or [Ananya Roy’s view of access to credit as a fundamental human right...but this is not absolutely necessary, as long as you feel you understand the issues.](#)

7.1 Write a quick response (one page, single spaced) to the [Compartamos \(“we share”\) video](#) and IPO. Does it matter how high interest rates are or who makes money from microfinance? Summarize the arguments for and against high interest rates. Should countries like India, Mexico, Peru and Bolivia cap interest rates as we do here in New York (and outlaw small short term loans). Why or why not? What do your instincts tell you, after watching this film and perhaps reading a bit.

**Monday March 4<sup>th</sup>:** [Quiz 2 is here, download](#) it and fill in your answers. [Quiz 2 review questions](#). The short answer quiz itself will be posted here and emailed about class time on Monday. Your answers will be due within 24 hours on turnitin.com (see above) you can email it as a backup, but do find a way to post it on turnitin.com or it will not be graded. I will be in Washington at the Oxfam Microsavings conference Monday and Tuesday but can answer email questions Monday evening and Tuesday AM. Please check this calendar and review sheet in case others ask questions that may help you as well. See lecture notes [Population and Poverty](#); [Child labor](#) (use [pdf](#)) [Malnutrition and poverty measures](#) will be on Quiz 3, Thursday.

**Monday March 7<sup>th</sup>:** Quiz 3 covers malnutrition and poverty measures from Problem set #2 (multiple choice, 15 minutes, see [poverty measures and terms review sheet](#) and the [Malnutrition & Famine lecture notes pdf](#) or [pptx](#)).

**Quiz 3: Inequality and poverty measures terms for review:** See the [review sheet for inequality and poverty measures](#): the inequality ratio, the Gini coefficient. Squared (FGT) and Sen Severity index—ingredients and what they are good for, not formulas. Trends in world inequality the new world middle class / Social exclusion, relative deprivation, absolute poverty in India. Capabilities vs. income or consumption based poverty lines. Rural vs. Urban Poverty—where do most \$1/day poor live? What sorts of jobs do they have? What sort of houses do they live in? **Quiz 3: Malnutrition terms for review:** (see [lecture](#)

<sup>3</sup> Just in case there are differences, here is text from the turnitin.com instructions for this assignment: *Please, briefly revisit your earlier reflection on high interests, respond to my comments and/or update your paper with evidence from the B&D, 2011 Chapter, from the lecture notes and particularly from the Aljazeera 101 East video about shocking problems in Andhra Pradesh. Has this video changed your view of MFIs? What would you do (or not do) to regulate MFIs in light of the debate outlined in this video? Why did all micro lending activity stop in Andhra Pradesh?*

*notes*) Anthropometric evidence of malnutrition: wasting (low weight for height); stunting (low height for age) / Policies to reduce malnutrition: land reform; targeted vs. universal food subsidies; minimum wages; out-migration / UNICEF-WHO: [growth-monitoring](#); [Oral re-hydration therapy](#); birth spacing; immunization; antibiotics. U5MR, infant mortality and malnutrition; growth monitoring, [Tamil Nadu food as medicine program](#). Typical rural village: 10-20% landless workers, 30-40% small land owners; very competitive but seasonal rural labor markets / the malnutrition poverty trap: morbidity and worker productivity / Nutritional Status; basal Metabolic Rate (BMR); Body Mass Index (BMI); Survival Diet (1.27\*BMR) / *Reservation wage (one's personal minimum wage or the lowest wage at which one is willing or able to work); the efficiency wage hypothesis (effort and loyalty increase with wage rates, turnover falls); Nutrition based efficiency wage poverty trap: in poor rural areas a person's reservation wage may be the biological minimum wage—that is the calories it takes to actually do the work required:*

**Due February 25<sup>th</sup>:** Answers to [problem set #2](#), questions 1 and 2 (done mainly in class, ask if you have questions on Monday. Also depending on your last name, please be prepared to discuss the answers to question 5.1 or 5.2 parts a and b in class on Monday. One or both of these questions may be due in writing, on [turnit.com](#) before midnight Wednesday if possible (class discussion will determine the need to submit written answers, check back Monday evening). Child malnutrition and child labor are among the worst symptoms of severe poverty and both are related to rapid population growth (population lecture notes).

**(last name A-J)** 5.1 A malnutrition poverty trap: Please read Chapter 2 of Poor Economics Banerjee & Duflo or B&D, 2012 and Chapter 2 of the World Bank-IMF [2012 Global Monitoring Report \(GMR\)](#) pp. 63-79. At first glance, it seems these authors disagree: B&D, 2012 argue that malnutrition and the poverty trap it causes is not as widespread, while the GMR, 2012 appears argue the opposite, especially when food prices increase in a poor rural community (see Box 2.1 and this [BBC article](#)). (a) Broadly sketch out the argument of B&D as outlined in Chapter 2, find two important areas where both reports agree (include the page numbers for each argument, p. 29-30 for example in B&D 2012<sup>4</sup>). (b) Summarize the evidence cited B&D, 2012 that the poor are perhaps not as hungry as we thought? Reconcile this with arguments of the [GMR, 2012 Chapter 2](#) and the evidence cited by B&D, 2012 pp. 29-30 on wasting and [stunting](#) in South Asia. Is this a disagreement about whether malnutrition is a problem, or about whether higher income alone is the best or sufficient to reduce malnutrition rapidly? Clearly, higher income countries have lower rates of malnutrition, but B&D suggest raising the income of the poor may not be the best way to reduce malnutrition... explain. Use our (U.S.) anti-poverty policy to illustrate this approach, especially during recessions, see below. (c) Use the above examples (and difficulties encountered by the [Hassans](#)) to outline a combination of policy interventions to reduce child malnutrition. Why are these policies an investment with a very high return? d) In what sense might high food prices be both a long term solution to and a cause of higher child malnutrition? Use the green revolution in Asia to illustrate this point.

**(last name K-Z)** 5.2 The child labor as a poverty trap: a) Clearly, children who work are less likely to attend and do well school, but does this mean banning child labor with increase school enrollments? Use the example of the 1993 Harkin Bill as discussed by the [ILO, DOL, Kabeer](#), 2001 (highlighted areas especially) and ["BanglaRights" in Bangladesh](#). b) Why are the children of urban factory workers more likely to be in school (and to be well nourished)? Use [Rina](#) or [Munee's family](#) and UNICEF's [program to end child labor](#) it's hard to [reach children \(hammers & homework\) program](#) to illustrate your point. What can be (and is being) done to help the children of rural poor attend school? (c) Outline the broad consensus that has emerged on dealing with child labor in poor countries use the BGMEA MOU and [Paul Pressler's messy Gap CSR policy](#) and the last few pages of [Udry's 2006](#) rant illustrate this consensus. Why is there still a role for outright bans on the "unconditionally worst" forms child labor? What are these occupations, and what percentage of child workers are work in these occupations? c) Contrast the "legalist" or absolute approach to child labor, with the economic or welfarist approach. Which is best, or are they complementary at some level. Use the Chai Feng sweatshop and [Palm Oil child workers](#) to outline a policy that combines laws, economic policy and private enterprise to break the child labor poverty trap. Which laws need to be enforced, which laws need not be (and are) not enforced to achieve the best outcome for children (and their parents)?

*Due February 18<sup>th</sup>:* turn in questions 2.1 and 2.2 (done in class) and either 2.3 or 2.4, depending on your last name. Please use [turnitin.com](#) will post updated class ID and password will still be Ethiopia. See Problem Set 2 [Inequality and Severity Measures](#) (in class) along with Nike in Indonesia, [Indonesia Case Study Part II](#)

<sup>4</sup> "... if South Asians are small, it is probably because they, and their parents, did not get as much nourishment as their counterparts in other countries. And indeed, everything suggests that children are very badly nourished in India. The usual measure of how well a child has been fed through the childhood years is height, compared to the international average height for that age. By this measure, the numbers for India from the National Family Health Survey (NFHS 3) are devastating. Roughly half the children under five are stunted, which means that they are far below the norm. One-fourth of them are severely stunted, representing extreme nutritional deprivation. The children are also extraordinarily underweight given their height: About one in five children under three is wasted, which means they fall below the international definition of severe malnourishment. What makes these facts more striking is that the stunting and wasting rates in sub-Saharan Africa, undoubtedly the poorest area of the world, are only about half those in India." Banerjee, Abhijit; Duflo, Esther (2012-03-27). *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty* (pp. 29-30). Perseus Books Group

2.1 (a) Today the rupee trades for about 54 to the dollar (the market rate) go online and get a ticket see Lincoln or Zero Dark Thirty in India. How much is the ticket in dollars per person in Chennai, India on the coast of Tamil Nadu at Spici Cinemas <http://www.spiccinemas.in/Default.aspx>. If you earn the minimum wage here how long would you have to work to purchase movie ticket, is this higher or lower than the PPP rate we computed for suburban Jakarta Indonesia [PPP handout](#) using shopping data gathered by Jim Keady and Leslie Kretsu? Compare this to movie ticket prices in New York. What is the “PPP” ratio between the price in India and price here? Answer: you can get two tickets for 280 rupees,  $280/54 = \$5.20$  or about \$2.55 a ticket, if tickets are \$10 in New York, but PPP ratio is  $10/2.5=4$  in line with 3-4 estimate on shown for India in Table 2 of [What Can a \\$1 buy handout](#). This is likely because wages in [Chennai, India](#) are lower than in India’s major cities or in suburbs of Jakarta such as Tangerang, Indonesia where the Nike contract factories are.

2.2 Who is \$1/day poor? a) Soon after Sterba left [Indonesia \(1988\) NIKE](#) showed up and began purchasing shoes from factories in Indonesia. How did these factory jobs potentially reduce \$1/day poverty directly and indirectly? What happened to \$1/day or \$1.25/day poverty in Indonesia between 1987 and 2009? (see Figure 4 below). b) Are footwear factory workers in Indonesia or Vietnam \$1 a day or \$2 a day poor? c) Who is \$1/day poor? Take for example, [Munee in Bihar](#), India a migrant worker. She makes 40 rupees a day. Use a \$PPP factor of 4 and count each of her kids as .5 adults. Is her family \$1/day poor? How much does she earn per hour (how long is her day)? Who takes care of her kids while she is working? D) **poverty traps:** What can be done to help seasonal workers like Munee? Why is Munee unlikely to get a factory job? What might Munee’s kids be able to do if she had a factory job? What can be done to break this cycle of severe poverty or poverty trap?

(last name A-J) 2.3 **Factory girls Chapters 1-2** : a) How old is [Min when she leaves home](#) to get a job in the “black factory” living in a dorm room with 12 other workers. Why does Min leave the black factory? Do her fellow workers leave as well? Why do they take jobs there in the first place? b) Min gets a new job, despite her slim resume. Make a little table showing with her three jobs in rows and columns for Min’s pay per hour or monthly \$PPP, hours and number of roommates (the first row is done below, just continue for her next two jobs. c) When was Min born? Was the one child policy enforced in Min’s village? [WSJ, 2004 “Chinese Dream: At 18, Min Finds Path to Success” photos only](#) \*[WSJ, 2005 Min’s Return: A Migrant Worker Sees Rural Home In a New Light](#) see also Chapter 1,2,4 and 10 [Factory Girls](#) by Leslie Chang.

**Answer to 2.3 Return to Liemahuitou, Hubei Province** (a) At some point Min and Guimin’s mother says “We treat our daughters as sons.” What does she mean? Is she taking too much credit for Min’s education? Why is this important? How much money do Min and Guimin send back each year? What do their parents say they use these remittances for? (b) Convert the total \$600 remittances Min and Guimin sent in a year to U.S. prices using the \$PPP factor of 3. Add in their income from farming (convert to \$US using the same PPP factor). What is the total household income? Divide by the total number of adults + children where each child living at home counts as .5 adults. Is the Lu family still living in Hubei \$1/day poor? Are they \$1/day poor? Were they dollar a day poor before their daughters immigrated to Guangdong? Answer: before remittances,  $250*3 = \$750/\text{year}$  divided by 3.5 is about \$200 per year cash (not including food they did not sell, and their house which is not theirs strictly speaking). After remittances:  $\$850*3 = 2550/3.5 = \$728$  per year, just over \$2/day. c) There were about 130 million migrant workers in Southern China like Min and her sister. If all of these immigrants sent home \$600 to their families, how many people would escape \$1/day poverty in China? What would also increase (in rural areas). [Min and her sister lift 5.5 million people out of poverty](#),  $5.5/2*130 = 358$  million people out of poverty, just over half the people lifted out of poverty in China since 1980...population growth might increase as parents see children as a way to escape poverty, on the other hand if what Min’s parents say (that they will send the boys to college) parents may have fewer children and spend more on each one. This is what happens in most countries, population growth falls with income and education rather than increases as Malthus and Sterba supposed...)

(last name K-Z) 2.4 **Factory girls (chapter 10) Return to Liemahuitou, Hubei Province** (a) At some point Min and Guimin’s mother says “We treat our daughters as sons.” What does she mean? Is she taking too much credit for Min’s education? Why is this important? How much money do Min and Guimin send back each year? What do their parents say they use these remittances for? (b) Convert the total \$600 remittances Min and Guimin sent in a year to U.S. prices using the \$PPP factor of 3. Add their \$250 income from farming (convert to \$US using the same PPP factor). What is the total household income? Divide by the total number of adults + children where each child living at home counts as .5 adults. Is the Lu family still living in Hubei \$1/day poor? Are they \$1/day poor? Were they dollar a day poor before their daughters immigrated to Guangdong? c) There were about 130 million migrant workers in Southern China like Min and her sister. If all of these immigrants sent home \$600 to their families, how many people would escape \$1/day poverty in China? What would also increase (in rural areas).

**Lu Qingmin's (aka "Min") Job History in Dongguan, China**

Job Description	Wage	\$per hr <sup>3/</sup>	Hours/days	# Roomates	\$PPP/month <sup>3/</sup>	\$ppp/hr. <sup>3/</sup>
Factory floor assembly	\$50-80/month	\$0.19	14hs/7days	12	\$272	\$0.65
Clerk machine records	\$100/month	\$0.33	10hrs/7days	8	\$340	\$1.13
Human resources <sup>1/</sup>	\$135/month <sup>2/</sup>	\$0.50	8hrs/6days	4	\$459	\$2.30
<sup>1/</sup> record keeping & hiring <sup>2/</sup> after 3 months <sup>3/</sup> not including room and board, using 3.4 ppp factor.						

For the week of February 11<sup>th</sup> see Leslie Chang, *Factory Girls*, Chapter 1, 2, 5 and 10, see discussion questions before reading. [Pathways out of Poverty Lecture 5 Notes](#) (see especially short readings listed on slide 5) and This week in the news: *New York Times* [A path out of poverty, comments on Kristof's January 24<sup>th</sup> column on Obama's State of the Union Speech](#) (nice picture of safety net, at right). Also the documentary *Half the sky* at 10pm Feb. 11<sup>th</sup> on PBS 13 ([preview](#)) February 11 10pm Channel 13 and March 4 [Half the Sky: Turning Oppression into Opportunity for Women Worldwide](#) by Maro Chermayeff, Jamie Gordon, and Mikaela Beardsley, A landmark series based on the book by *New York Times* columnist Nicholas Kristof and Sheryl WuDunn, *Half the Sky* introduces women and girls who are living under almost unimaginably brutal circumstances — and fighting courageously to change them. The four-hour series follows six celebrity activists as they travel to 10 countries and encounter the people trying to combat issues like sex trafficking, forced prostitution, gender-based violence, and maternal mortality. An encore presentation.



For Monday February 4<sup>th</sup>, please use type and bring to class your brief answer to discussion question 1.4 (Green revolution in Indonesia) below and the answers to questions 1-4 from [Problem set 1](#) (all done in class, handwritten notes are fine). Quiz #1 will be Thursday February 7<sup>th</sup> here is the [Review sheet](#). The 15 minute quiz will cover Chapters 1-5 Collier, 2009, Chapter 1 of Sachs and [Chapter 1](#) of Banerjee and Duflo, 2011 as well as their 2007 “Lives of the Poor” article from the [Journal of Economic Perspectives](#) (lots of overlap, but also a lot of arguments). Here are slides from [lecture 2 on theories of everything](#); some [case study notes](#), and the lecture 3 [poverty measures](#) notes..

Thursday January 24, 2013: [Lecture 2 notes](#) and Problem Set #1 (Easter Island). Also as the [U.S. transports French troops](#) into Mali, we need to read Chapters 1-5 from Collier's *The Bottom Billion*, his focus includes the “conflict trap” and some arguments regarding the role of foreign troops (such as the French). It does see there human rights concerns regarding reprisals by Malian troops targeting Tuareg tribesmen for example, even though as elsewhere in the Northern Africa, the view from the outside is that other [Islamic groups “hijacked”](#) what began as a Tuareg uprising (well-armed mercenaries fleeing “bad neighbor” to the North Libya may be part of the problem).



If possible, please attend Professor Sylvia's Nasar's talk at 3pm Wednesday January 23<sup>rd</sup> in Walsh auditorium on the West and the Rest. This seminar is sponsored by Professor Salvatore and the Economics department. **Special extra credit assignment (up to 5 points):** read a few pages of *Grand Pursuit* ([Chapter 1](#) and the last [Chapter 18 on Amartya Sen](#) plus the 3 page Epilogue. If possible, use quotes from both the book and the talk in your paper. The book is highly recommended, just \$11 on Kindle (paperback not much more). If you do this assignment, you can turn questions 1.1 and 1.2 Monday January 28<sup>th</sup> (in class or on turnitin.com, instead of Tuesday January 22<sup>nd</sup>). Please turn in this extra credit assignment by midnight Wednesday January 30<sup>th</sup> (also on turnitin.com).

**Extra credit 1.0** (a) provide a brief summary of Professor Nasar's lecture, especially the parts relevant to World Poverty what did you find most interesting or new? (b) Drawing on the first Chapter 1 and 18 discuss the change in the perception of capitalism during the generation between Jane Austin and Charles Dickens. How does this change in thinking presage the great poverty reversal discussed in class. Dhaka, on the other hand, illustrates the reversal of fortune. What was it known for in Jane Austin's day? What is it known for now? What happened in between? (c) In 1973 Sen visit West Bengal during a famine, what did he conclude caused the famine? How is this relevant to the Ethiopian famines discussed in the *Give us the Money* documentary? Why does Sen argue famines are more likely in authoritarian (compared to democratic regimes)? Recall what his Uncle's did heading into the 1943 famine in West Begal (now Bangladesh). Recall his comments to the crowd at the 2002 “hunger hearing” in Delhi. Ethiopia was (is) not a democracy, what caused and stopped its 1984 famine (hint: a billion dollars)? Please check back for updates to this question, and be sure to paste the text of the section

you are answering above in front of your answer, part (a) above for example (the question change, this will make it clear what version you are answering). We will discuss this extra credit assignment in class Thursday January 31st. This assignment can replace one quiz, or the extra credit paper. To this end, your answers should be complete and clearly demonstrate you went to the talk and did the reading.

**Questions for review:** please use turnitin.com to answer questions 1.1 and 1.2 by next Wednesday January 23<sup>rd</sup> at the latest. Please submit brief typed assignments in word or pdf format to ECON 3240 World Poverty and Sustainable Development at turnitin.com Class ID 5991208 enrollment password: Ethiopia. Please turn before midnight Wednesday (unless you decide to do the special lecture assignment, in which case both are due so I can read some of them before class. See [also lecture 1 notes](#). Since have a little more time, lets look at a new Africa video which actually starts with [Live Aid](#) concert in 1985 (notice similarity of logo to Dambisa Moyo's "dead aid" book cover). \* In class I said Birhan Woldu daughter of Ato Woldu, farmer, Tigray region of Ethiopia, the young woman with parched lips who barely survived the famine, was an aid worker, then I said no she was a nurse, she was both, it seems (a transcript of the film would be great for fact checking, and hearing impaired students...)

**1.1 Ethiopia, HIPC and the politics of foreign aid:** Please watch the recent documentary "[Give us the money](#)" part of the new "[Why Poverty](#)" film series distributed by PBS (Why poverty has a nice web page where you can watch other videos and preview the "poverty traps" [diagrams](#) used by Duflo and Banerjee (B&D) 2012—as well Professor Duflo's [TED talk](#) – after you read her short [lunch with the FT](#)). Please watch the first five minutes of [Ester Duflo's TED talk](#), and take a quick look at the diagrams (before or after you preview Chapter 1 of the B&D, 2012). Then watch "Give us the money"—or at least the first and last 15 minutes-- almost the entire cast of characters are there (Moyo<sup>5</sup>, Collier, Bono\*, Bill Gates, plus a number of "unlikely bedfellows"). The film starts and ends with the apparently corrupt government of Ethiopia (this is still a problem in Ethiopia according to [Easterly and Moyo](#)—he goes further to argue that "[authoritarian growth miracles](#)" including China's won't last, though Moyo disagrees). (a) What did Live Aid, DATA and more recently the lobbying group ONE try to accomplish for Africa? Were they successful? Specifically discuss Ethiopia, HIPC and [PEPFAR](#) (which [continues](#) and [beyond](#)). (b) How is Ethiopia doing these days (in part due to advocacy of Bono and Bob Geldorf I suppose). See Figure SSA-2 below, which SSA country has grown fastest since 2000? (2000 to 2011—don't forget poor Malawi, off by itself in Figure SSA-3). You can gauge this roughly using the income per capita  $Y_{2011}/Y_{2000}$  which for Ethiopia is  $979/527 = 1.86$  or about an 86% increase in 11 years. Using the magic growth formula<sup>6</sup>, that is an average of about 5.8%. (c) *optional: use the rule of 70 to estimate how long it will take for income per person to double in Ethiopia, recall if China grows 10% income doubles every 7 years, China is not growing that fast right now, but see Moyo, 2012 [Winner take all](#) perhaps we should read this new book instead of Dead Aid, this is certainly an option if you are interested in who is going to take all the World's resources and food....* \*My favorite Bono line (18:48) "I know almost immediately I was out of my depth, this was economics and I'm singer in a rock'n'roll band, so I had to go to school..." (then since Bobby Shriver knows he President of the World Bank, they go "graduate school" very possible at the World Bank Institute).

**1.2 Malawi vs. Bangladesh, what do they need from us?** (a) As it happens, Collier ([2007- Preface and Chapter 1](#)), Sachs (2005) and Rosling ([2007—about 12 minutes in](#)) all mention Malawi (see also the map and chart below) Sachs (2005) [Chapter 1](#) in particular compares Malawi with Bangladesh. What does [Rosling \(2007-14 mins\)](#) say Bangladesh & Malawi need? Or watch Rosling's [Bangladesh Miracle](#). (b) Why is the Bangladesh miracle particularly important, given its elevation and population density? (c) Briefly compare life in Malawi with that in Bangladesh. Considering how poor and formerly poor people make a living in these two countries (especially women), what can OECD people, NGOs and governments do to help the poor in Malawi vs. Bangladesh (e.g., what different sorts of support do these countries need?) Which country is easier to help, politically speaking? Malawi has received a lot of foreign aid (see below)? What did Malawi do with some of this aid see NYT on [Malawi fertilizer subsidies](#). d) *optional Does [Rosling really swallow a sword](#)? Mohammed Yunus says there were four components of the [Bangladesh Miracle](#): a change in the education/status of women, microcredit/group lending, garment exports and remittances. Explain how the status of women is affected by each of these.*

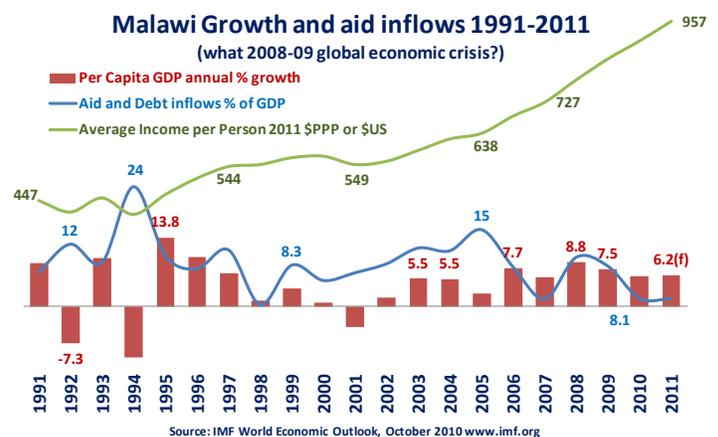


Figure SSA-3 Malawi Aid and Growth

<sup>5</sup> Dambisa Moyo's new book is "[Winner take all](#)" about the race for natural resources, as she discusses at this recent LSE [lecture](#).

<sup>6</sup> To get the annual growth rate 5.8% a year, use this formula  $(y_n/y_1)^{(1/n)} - 1$  where in this case  $n = 11$  or take the difference in the natural logs and divide by  $n$  (in Excel use  $=(\ln(c5)-\ln(b5))/n$  where  $n$  is the # of years, and cell  $b5$  has the first year, and  $c5$  has the 2<sup>nd</sup> year)

1.3 (a) Distinguish between the “great poverty reversal” discussed in class with the “reversal of fortune” discussed by [Acemoglu \(2003\)](#) and [Acemoglu, Johnson and Robinson or AJR\(2006\)](#). What is the role India and China play in these two reversals? (Apart from Hong Kong and Macao, China was never a colony as India, Indonesia and most African countries were). (b) What does [Sachs \(2003\)](#) say about [Acemoglu](#) and [Rodrik’s](#) claim that institutions are the “fundamental” cause of poverty? What causes corruption in Sachs’ et al. (2005) view? (as in Ethiopia or Mozambique for example) (c) *Optional: Walmart and other discount stores sales did not fall much during the 2008-10 recession (you can check this). Why? Does shopping at these stores reduce poverty in New York and China? How? Walmart was recently accused of buying clothes from a supplier in Bangladesh who factory burned in a “horrific fire” (see the [New York Times, December 5<sup>th</sup> 2012](#). Should Walmart stop buying clothes from Bangladesh? What measures can be taken to prevent these sorts of fires? Discuss the parallels (hopefully) between this recent fire in Bangladesh and the [1911 Triangle Shirt Waist Fire](#) (at NYU, more or less).*

**1.4 Emerging from poverty:** (a) When James Sterba first visited Java in 1973 (see [Indonesia Case Study Part I](#)) he noticed people were not wearing shoes, when he returned 14 years later in 1987 most people were. Why? What does Hans Rosling say the \$1-2/day poor and just above aspire to own (in the [IKEA video](#))? How does wearing shoes benefit children in particular? (b) List the main reasons poverty fell so quickly in villages like Begajah during this period. Do most people in Begajah work on or own farms? If not, what jobs do they have? (c) Like early 19<sup>th</sup> century Reverend T. Malthus, Sterba thought population growth would soon overtake income gains from higher rice yields. What actually happened in Indonesia and in this village? How much did the village population increase? How much did rice yields increase? (in percentage terms) The village seemed empty, where were the missing villagers? Why did Sterba & the villagers count people who did not live there as village residents? i.e., why were people who left still considered part of the village population?

1.5 (a) What are first four MDGs? (b) What does [Hans Rosling](#) argue is the one thing everyone must have? (not a car) Why? Why reducing poverty is key to coping with climate change and population growth (according to Gapminder see the [IKEA video](#)). (b) In terms of dollars per day, what is the air line, the wash line and poverty line? How many billions in each group now, more or less? (c) Collier, 2008 says Malawi is the poorest country in the world? But [Nicholas Kristof](#) says Niger is poorest country in the world now. *Malawi has been growing recently, though it is still a very poor (see Figure SSA-1 below). What is the poorest country in the world today? Compare using 2011 \$PPP per person from the 2012 [World Development Report](#) or the [WDI data base](#). or the 2012 [Human Development Report](#) HDI index (which includes education, longevity and income).* (d) [Mohammed Yunus](#) says there were four components of the Bangladesh Miracle: a change in the education and status of women, microcredit via Grameen and group lending, garment exports and remittances. Explain how the status of women are affected by each of these events. Are BGD and Malawi on track to meet the MDGs (which ones, and which ones not). See the IMF World bank [Global Monitoring Report, 2011](#).

Figure SA-2: Bangladesh \$1.25/day Poverty Rate

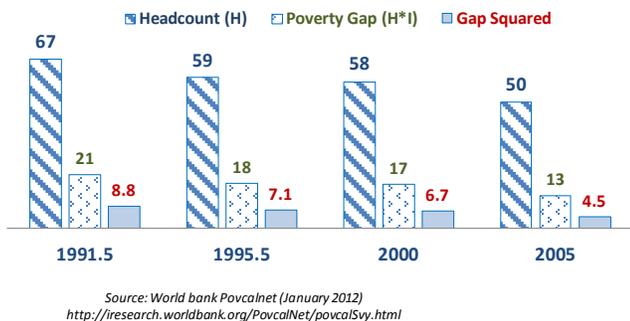
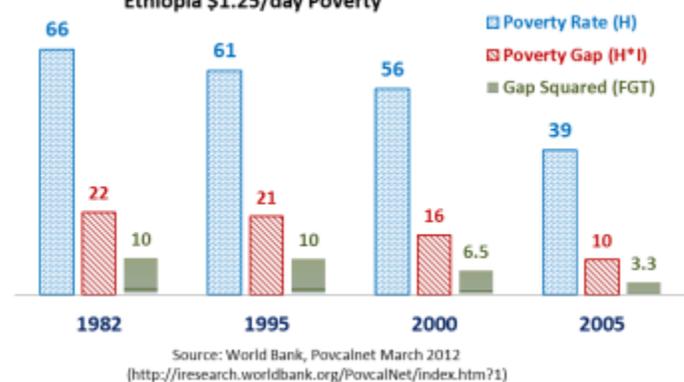
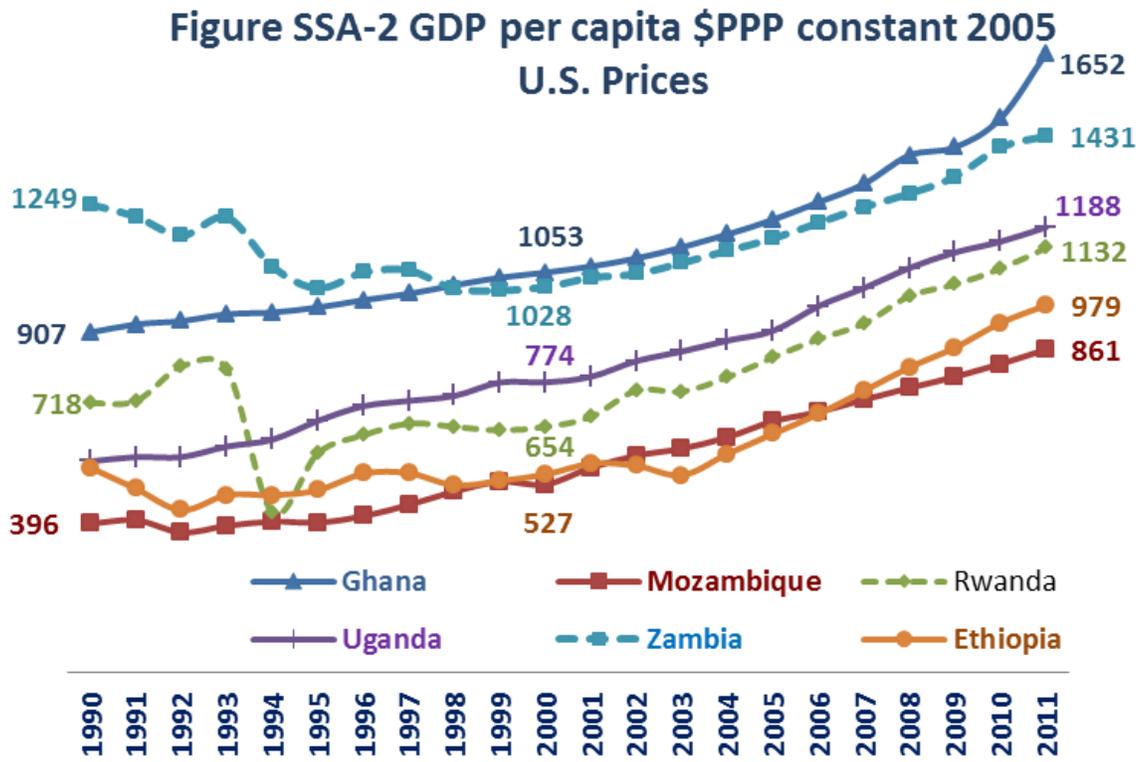


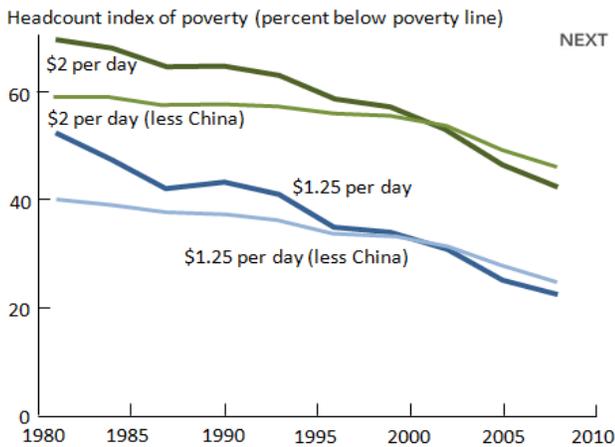
Figure SSA-1 Ethiopia \$1.25/day Poverty



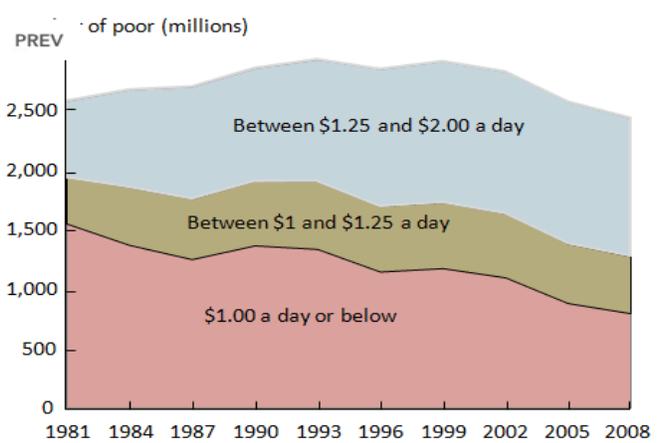


Source: World Bank, WDI online data base, January 2012  
[databank.worldbank.org/ddp/home.do?Step=1&id=4](http://databank.worldbank.org/ddp/home.do?Step=1&id=4)

**Poverty rates for the developing world, 1981 - 2008**

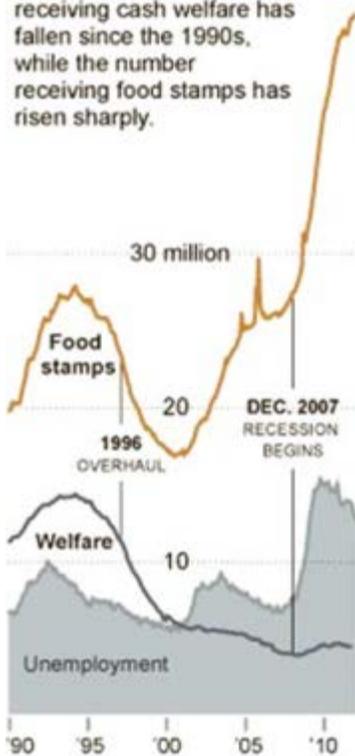


**Number of poor in poverty, 1981-2008**



**Fewer Receiving Welfare, But Food Stamps Soaring**

The number of Americans receiving cash welfare has fallen since the 1990s, while the number receiving food stamps has risen sharply.



Sources: U.S. Dept. of Health and Human Services (welfare); U.S. Dept. of Agriculture (food stamps); Bureau of Labor Statistics

THE NEW YORK TIMES

**Number of poor by region, 1981-2008**



**500 million starving children?** See [BBC story on Save the Children Survey](#).

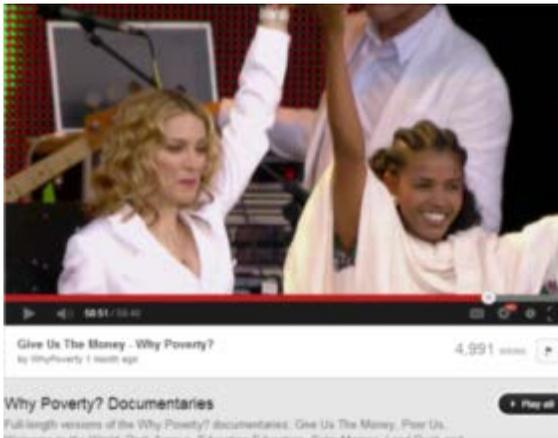
**The food stamp President? Spending too much on food stamps? Safety net- trampoline?** [Newt Gingrich](#) often calls President Obama "the best food stamp president in history" Last week, "Gingrich again criticized Romney for his controversial comments about poor people he made to CNN Wednesday. "If you're a genuine conservative, first of all, you don't say that you don't care about the poor," Gingrich said. "My goal, the exact opposite of Gov. Romney, my goal is not to ignore or forget the poor. My goal is to turn the safety net into a trampoline to allow the poor to rise and be like the rest of us." "We now know from Gov. Romney, he joins President Obama. Obama is big food stamp, he's little food stamp - but they both think food stamps are OK," [Gingrich said](#). "I don't think food stamps are a future for America. They're a necessary bridge back to getting a job and back to being independent of the government." See [Business week](#) and [ABC news](#) stories. For more information on SNAP (the USDA's SNAP or Supplemental Nutrition Assistance Program, aka food stamps).

Bob Geldorf, “we come to you with 3.8 billion people in our back pocket, how can these 8 men refuse us now?” Birhan, a nursing student when she appeared at Live 8, is now director of a charity that builds new schools.

telegraph.co.uk Share 460 × 288 – Oct 22<sup>nd</sup> 2009.

Birhan Woldu, the 'face' of Ethiopian famine relief in 1984.

**Face of 1984 Ethiopia famine says food aid does not help\***  
**Soaring food costs force Ethiopian children out of school (date??)**



*\*Of course this headline is completely misleading, but the article and pictures are interesting. Of course the Telegraph does not date it's "news" story. See also the Bolsa/Ethiopia*