Theories and Strategies of Development (and Poverty Reduction)

Preliminary version
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Content: This course gives an introduction to explanations for a fundamental question of social science: Why are some countries rich and others poor? What are the conditions and determinants of wealth in an international perspective? What policies and strategies help poor countries catching up, and what policies and strategies fail doing so? Are these strategies really to the benefit of the poor or do they create more internal inequality? Should we rather care for the poor in poor countries? The course starts with an introduction to the empirical measurement of international inequality and theoretical concepts and approaches. In the next part we focus on theories and long-run factors that may or may not have an influence on international differences in wealth and growth: culture, history and geography. Thereafter we focus on different strategies of development, poverty reduction and crises management.

Note: This course and Thilo Bodenstein’s course on Development and Public Policies complement each other. Whereas the latter focuses more on specific policy problems such health, corruption or microfinance my course gives a more general overview over theories, strategies and controversial issues of development.

In the first four weeks the course will be co-taught with Covadonga Meseguer (CIDE Mexico).

Key Readings: Meier/Rauch 338.9 MEI or/and Todaro/ Smith 338.9/009/1724 TOD, Leys 338.9 Leys, Nederveen 338.9/001 NED, Riddell 338.9/1 RID

Requirements:
- Active participation throughout the class (this implies attendance) 20%
- Required reading, on average, one text per week,
- one presentation in the course of the term (30%)
- a ‘70%’-draft of the final term paper in class (10%).
- a final term paper on the topic chosen (40%). If anyone is interested in playing around with data she or he is welcome to do so, but it is no formal requirement.
- The course focuses on verbal arguments and is not about maths or statistics.

Teaching Objectives
- Three major theoretical approaches: How does development happen? Who wants it, who doesn’t? Are we asking the right questions?
- Overview over major strategies: development assistance, economic policies and regulation, political institutions, and social and anti-poverty policies

Week 1: Introduction: What is Development? Some Stylized Facts and Other Lies...

Required

Further

Stiglitz/ Sen/ Fitoussi Report (on alternative measures)


Key Questions: What are development, growth, inequality and poverty? Why not happiness, welfare or wellbeing? Why study it? How to study it? How to measure development, growth, inequality and poverty? What cross-country and cross-time variation do we see? What are the relationships between the concepts?

**Week 2: Economic Theories of Development – Growth is Technology, or not?**

Required


Further


Key Questions: What are the implications of old and new theories of growth? Does economics have a theory of poverty and inequality? Do the theories work empirically?

**Week 3: Trade Liberalization: Who wants more trade, and who benefits?**

Required


Oatley, T. 2006. *International Political Economy: Interests and Institutions in the Global*


Further:

Does opening or closing work? What are the consequences? Who wins and looses and why does this affect development and growth?

**Week 4 Liberalization of Factors of Production**

**Required**

**Presentation**

**Further:**

**Extra: Lecture of Covadonga Meseguer on Political Economy of Migration and Development**

**Week 5 Long-Term Perspective: Geography, Culture, Institutions and Why We Should be More Modest**

**Required**
Presentation


Other: [Jeffrey Sachs 2003](#) cf. also why Sweden fails the MDGs (Hans Rosling video)

Key Questions: What are the causal long-term determinants of growth and inequality? How does growth and inequality depend on nature, geography and culture? Are these determinants still valid today?

**Week 6 The Political Economy of Development: Why not everyone in a country might want to have development**

Required


Further


Key Questions: Do elites in poor countries want it? When are there problems to be expected? Who are key stake holders?

**Week 7: The Political Economy of Development: Why Donors might not deliver**

Required

Presentation

Further

**Week 8 Critical Theories of Development: The Focus on Development is the Problem!**

Required

Presentation

Further

Key Questions: Is development a good idea? The side effects of development? Is development a concept of control, rationalization?

Week 9 Your Choice:

a) Direct Anti-Poverty Measures: Palliative or Curative Medicine?
Required
Presentation

Further
See also Pritchett blog
cf. also Special Issue of Development Policy Review 2006 on CCT-Programs and Special issue of Global Social Policy August 2009

Key Questions: How to direct aid to the poor? Is it? What does work on the ground? Are CCTs effective?

Or

b) Microfinance: From Boom to Bust
Required:

Presentation:

Further
Week 10 Program Evaluation: For better or worse...

Required

Presentation

Further
Also Chris Blattman on Evaluation 2.0 (chrisblattman.com)

Week 11 Invited Speaker – Emergency Aid: the Perspective of the International Red Cross

Week 12 Should They Give Aid or Should They Give Up: A roundtable discussion Donors and Development Aid

Further:

cf. also aid effectiveness [OECD](https://www.oecd.org) (declaration), [OECD](https://www.oecd.org) (why it should work) and [OECD](https://www.oecd.org) (an example)

Key Questions: Does aid work? If so, how? If not, why? How do we improve aid effectiveness?