



Programa de Posgrado en Desarrollo Sostenible
y Desigualdades Sociales en la Región Andina

Course Reader

Poverty: The Socio-Economic Dimension of Sustainable Development

Philipp Lepenies

The logo for DAAD (Deutscher Akademischer Austauschdienst), consisting of the letters 'DAAD' in a large, bold, blue sans-serif font.

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Section 1

Introductory Remarks

Poverty eradication has become a global political priority. The United Nations have made it clear that poverty is the most important issue to be resolved if Sustainable Development is to be reached.¹ The first and most prominent of the recently proclaimed Sustainable Development Goals (SDG) thus boldly reads “End poverty in all its forms everywhere”.

Poverty has been a constant feature of humanity. It has been the source of fierce political debates and repression, of internal and external instability, of upheavals and violent conflicts. It is obvious that poverty, within a nation, a region or on an international level not only prevents millions of people from decent livelihoods, equality, justice, rights and general human flourishing. It is the single-most debilitating obstacle that prevents other political goals from being reached.

And somehow, everybody seems to understand intuitively what poverty is. Or that poverty is wrong. But what is poverty exactly? Who counts as poor? And who doesn't? Should we actively do something against poverty? And if so, what?

This module proposes answers to these questions. Poverty is a social construct that can only be understood in the light of specific social, historical, cultural, economic and political contexts. It is a multidimensional phenomenon that cannot be analyzed through the lens of a single scientific discipline alone. This explains why different disciplinary (and transnational or transregional) approaches towards poverty are integrated into the course. This feature is not only seen as necessary from an academic viewpoint in order to provide a holistic understanding of a complex phenomenon. It also provides an important value-added to the education of social scientists who usually have little possibilities for multidisciplinary teaching and research.

Mainly, the course combines three different, but interlinked approaches:

1. To highlight the **political reactions towards poverty** – from a comparative international and historical perspective and with a special reference to anti-poverty policies and development theory
2. To introduce different **definitions of and theoretical approaches to poverty** (from sociology, economics, philosophy and anthropology)
3. To critically scrutinize **measures and indicators of poverty** and to **learn how to conduct research on poverty with different quantitative and qualitative methods** and methodologies.

The module will introduce students to the topic of poverty and will allow them to follow, to understand, and to critically scrutinize current national and international debates on poverty and approaches as to its reduction. But next to providing students with a thematic and broad overview of the topic they will be equipped with a sound technical knowledge on poverty measures and indicator construction and on alternative methods of measuring poverty and subjective well-being. This should serve them to undertake projects of measurement themselves or at least to critically interpret quantitative poverty data. The aim of the course is to allow students to come to grips with the complexity of the issue of poverty – from a theoretical, a political and a practical (i.e. empirical) standpoint.

¹ The UN Resolution “Transforming our World: the 2030 Agenda for Sustainable Development” from September 2015 states at the very beginning: “Eradicating poverty in all its forms and dimensions, including extreme poverty, is the greatest global challenge and an indispensable requirement for sustainable development”.

The proposed syllabus can be subdivided.

It can be

- (a) the basis of classical university **lectures** in which difficult and complex texts and authors are presented by university lecturers to students,
- (b) **seminars** (in which students themselves debate and discuss topics, texts and ideas)
- (c) or **research workshops and projects** (as a part of which students conduct their own research on poverty and data collection).

This manual currently comprises 18 possible individual lectures or seminar sessions. This is deliberately more than the usual course. The idea is to have potential lecturers decide on which topics to include and which to leave out and thus cater to the needs, the knowledge and the disciplinary background of the students. Another aspect to take into account is whether the course is given in regularly weekly sessions during the semester/course term or in the form of a condensed short-term intensive course.

Although the course can be given in the form of a lecture –with the professor or lecturer giving talks on the individual courses for 90 minutes, the ideal form in terms of mutual understanding and learning would be that of a seminar. This entails that the students prepare for the lectures – that all participating students read the texts in advance and that some students present the readings to their peers at the beginning of each course followed by a discussion of all other participants. Possible discussion points have been highlighted in the manual as specific learning goals. Also, wherever appropriate, ideas for group work have been put forward. Generally, it should be the responsibility of the group presenting a text to think of small activity units during the seminar session that they host. This could be a mere discussion based on a hypothesis the groups formulates in such a fashion that it incites a reaction from their peers (e.g. “the state should not help the poor”, or “poverty can be ended in our lifetimes”). It could be the discussion of a small excerpt from the weekly readings that they find revealing (especially when the idea of the session is to understand the rhetorical means of persuasion of a specific author) or other forms of group-related activities (prepare mock debates by two opposing groups that are later staged before the others etc. etc.). Possibilities are endless – and student satisfaction is a function of just how much they see the seminar as “their” own in which they can actively contribute. The ideal case would be for a lecturer to develop an atmosphere over time in which a feeling of satisfaction through active participation is reached and combined with knowledge generation.

The ideal size of the course in the form of a seminar should not exceed 25 participants.

This manual is to be as a work in progress and will be adapted accordingly over time.

Section 2

Course Content and Readings

This section summarizes the possible topics and readings of the course

1. General Information on Poverty in Europe, Peru (Andean Region) and the World

- Information Material from EU-SILC, and on EU Definitions and Measures of Poverty
- Data from the Instituto de Estadística de la República del Perú, INEI
- Data from CEPAL
- World Bank statistics

2. The Sociology of Poverty

- Simmel, Georg. 1906. Zur Soziologie der Armut (The Sociology of Poverty). Archiv für Sozialwissenschaft und Sozialpolitik, Hrsg. Von Edgar Jaffé, Werner Sombart und Max Weber, Vol. 22, No. 1.

3. Poverty in Antiquity and Christianity

- Readings from Scripture – esp. Deuteronomy, Luke, Mathew.
- Germek, Bronislaw. 1994 Poverty: A History. Oxford: Blackwell.

4. The English Poor Laws

Old Poor Laws

- Geremek, Bronislaw, Poverty, 163-177
- Polanyi, Karl. 2001 [1944]. The Great Transformation. The Political and Economic Origins of Our Time. Boston: Beacon. 71-80, 81-107, 108-115.

Critique of the Old Poor Laws (Robert Malthus and Joseph Townsend)

- Malthus, Thomas Robert. 1976 [1798]. An Essay on the Principle of Population. New York: Norton– Introduction, Chapters 1-2 and especially 5.
- Townsend, Joseph. 1786. A Dissertation on the Poor Laws.
- Lepenies, Philipp. 2013. Of Goats and Dogs. Joseph Townsend and the Idealization of Markets. A Decisive Episode in the History of Economics, Cambridge Journal of Economics, Vol. 38, No. 2, 447-457. doi: 10.1093/cje/bet024

Critique of the Old Poor Laws (Jeremy Bentham)

- Himmelfarb, Gertrud. 1970. "Bentham's Utopia: The National Charity Company", Journal of British Studies, Vol. 10, No. 1, 80-125.
- Himmelfarb, Gertrud. 1984. The Idea of Poverty. England in the Early Industrial Age, London: Faber & Faber, 147-176.

5. The Proletarianisation of Poverty- Industrialization and Communism

- Engels, Friedrich. 1845. The Conditions of the Working Class in England – Chapters: "Preliminary Remarks", "Foreword", "Introduction", "The Industrial Proletariat", "The Big Cities", "Competition and the Situation of the Bourgeoisie"

- Himmelfarb, Gertrud. 1984. The Idea of Poverty. England in the Early Industrial Age, London: Faber & Faber, 270-287.
- Marx and Engels. 1988 [1848]. The Communist Manifesto
- Mearns, Andrew. 1884. The Bitter Cry of Outcast London. An Inquiry into the Abject Poor. London: James Clarke

6. Scientific Reactions toward Poverty and Poverty Measures (Poverty Line, Measures of Poverty I)

- Rowntree, Seebohm. 1901. Poverty: A Study of Town Life [Methodology of the Poverty Line]
- Webb, Beatrice. 1926. My Apprenticeship. Chapter on Booth

7. The Culture of Poverty and Latin American Poverty

- Lewis, Oscar. 1966. The Culture of Poverty, Scientific American, Vol. 215, No. 4, 19-25.
- Galbraith, John Kenneth. 1958. The Affluent Society, Chapter 22. The Position of Poverty
- Harrington, Michael. 1962. The Other America. Poverty in the United States. New York: Touchstone.

8. Poverty and Development Policy

Modernization Theory and Growth

- Preston, P. W. 1996. Development Theory. An Introduction. Oxford: Blackwell, 153-178.
- Galbraith, John Kenneth. 1958. The Affluent Society, Chapter 4
- Erhard, Ludwig 1957. Wohlstand für alle. Düsseldorf: Econ.

Basic Needs

- Hunt, Diana. 1989. Economic Theories of Development. An Analysis of Competing Paradigms. New York: Harvester Wheatsheaf, pages: 259-291
- Seers, Dudley. 1969. The Meaning of Development. International Development Review, 11, 2-6.
- UI Haq, Mahbub. 1973. Crisis in Development Strategies, World Development, Vol. 1, No. 7, 29-31.

9. Postmodern and Anthropological Critique of Development

Robert Chambers Rural Development (incl. Participatory Rural Appraisal Methods)

- Chambers, Robert. 1983. Rural Development. Putting the Last First. Harlow: Longman, 1-27; 103-139; 168-189.
- Chambers, Robert. 1997. Whose Reality Counts. Putting the First Last. London: Intermediate Technology, 130-161 (PRA = Participatory Rural Appraisal).

Arturo Escobar Encountering Development

- Escobar, Arturo. 1995. Encountering Development. The Making and Unmaking of the Third World, Princeton: Princeton University Press, 3-20, 21-54, 212-226.

10. Self-Help. The Role of Entrepreneurs and the Informal Sector

- De Soto, Hernando. 1986. The Other Path. The Invisible Revolution in the Third World. New York: Basic Books.

11. The End of Poverty

- Sachs, Jeffrey. 2005. The End of Poverty: Economic Possibilities for Our Time. New York: Penguin, 13-40, 69-115, 439-443.

12. Measures of Poverty II

- World Bank Institute. 2005. Introduction to Poverty Analysis. Washington DC: World Bank. <http://siteresources.worldbank.org/PGLP/Resources/PovertyManual.pdf>
- Sen, Amartya. 1976. Poverty: An Ordinal Approach to Measurement. *Economica*, Vol. 44, No.2
- Foster, James, Joel Greer and Erik Thorbecke. 1984. A Class of Decomposable Poverty Measures. *Econometrica*, Vol 52, No 3. 1984

13. Measures of Poverty III – Global Poverty: One-Dollar-a-Day

- Pogge, Thomas. 2003. The First UN Millennium Development Goal: A Cause for Celebration? http://ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/publication/wcms_087882.pdf
- International Poverty Centre IPC – UNDP. 2004. Poverty in Focus: A Dollar A Day – What does it Say? IPC: Brasilia
- Reddy, Sanjay and Rahul Lahoti. 2015. Is the Devil in the Details? Estimating Global Poverty. <http://beta.ineteconomics.org/ideas-papers/blog/is-the-devil-in-the-details-estimating-global-poverty>

14. Philosophical Approaches to Poverty (Amartya Sen)

- Townsend, Peter. 1962. The Meaning of Poverty, *The British Journal of Sociology*, Vol 13, No. 3, 210-227.
- Sen, Amartya. 1999. Development as Freedom. Oxford: Oxford University Press, 15-35, 87-110, 282-298.
- Nussbaum, Martha. 2003. Capabilities as Fundamental Entitlements: Sen and Social Justice, *Feminist Economics*, Vol. 9, No. 2-3, 33-59.

15. The Economics of Poverty (Randomized Control Trials)

- Duflo, Esther and Abhijit V. Bannerjee. 2011. Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty. New York: Public Books

16. Measures of Poverty IV - Measurement of Subjective Well-Being

Stages of Progress Methodology (with strong reference to Peru)

- Krishna, Anirudh. 2005. Stages of Progress: A Community-Based Methodology for Defining and Understanding Poverty <https://sites.duke.edu/krishna/files/2013/06/SoP.pdf>

17. The Multidimensional Poverty Index (Measures of Poverty V)

- Alkire, Sabina and Emma Santos. 2010. Multidimensional Poverty Index. Research Brief. OPHI.
<http://www.ophi.org.uk/wp-content/uploads/OPHI-MPI-Brief.pdf>
- OPHI. 2011. The Multidimensional Poverty Index 2011. OPHI.
<http://www.ophi.org.uk/wp-content/uploads/OPHI-MPI-Brief-2011.pdf>
- UNDP. 2015. Training Material for Producing National Human Development Reports. The Multidimensional Poverty Index.
http://hdr.undp.org/sites/default/files/mpi_trainingmaterial_mcc_mk_clean_june_2015.pdf

18. Final Discussion

Academic Writing (English)

- McCloskey, Deirdre. 2000. Economical Writing. Long Grove: Waveland III.

Section 3: Annotated Syllabus

1. General Information on Poverty in Europe, Peru (Andean Region) and the World

- Information Material from EU-SILC, and on EU Definitions and Measures of Poverty
- Data from the Instituto de Estadística de la República del Perú, INEI
- Data from CEPAL
- World Bank statistics
- SDG and MDG indicator sets (UN resolution Transforming our World) - excerpts from the Rio Declaration and the Brundtland-Report “Our Common Future”

The idea of this first session is to have students inform themselves about recent poverty statistics and relevant definitions of poverty as well as the role played by the goal of poverty alleviation in the debate on Sustainable Development. Not only should the data itself be analyzed and trends identified, but the varying definitions of poverty should also be identified and discussed.

Goals:

- Understand the prominent role played by poverty and poverty alleviation in the discussions on sustainability and sustainable development and in the context of the MDG and SDG – especially SDG 1 and the proposed indicators to measure it.
- Find out about different approaches to poverty (absolute, relative, social exclusion, different dimensions of poverty)
- Discuss different poverty contexts – South America versus European Union, Andean Region versus other parts of South America (or Asia)
- Discuss the adequacy of the prevailing definitions of poverty. Could other measures be found/included?
- Become conscious of the difficulty of defining and measuring poverty
- Become conscious of the fact that poverty is in the eye of the beholder (Orshansky)

Approach:

- Have either data available in different printouts or have secure access to the internet in the classroom
- Form groups and have each group work on a specific topic (e.g. poverty definition in Peru). Let the group present and discuss.
- Ask students whether they could come up with adequate political measures and strategies to reach SDG 1 – or discuss the plausibility of the goal of Ending Poverty
- In this introductory session, the students should be activated without prior teacher input. Instead, students should iteratively approach the subject of poverty
- At the end of the session, explain the structure of the course, the logic of the following sessions and if this happens to be a seminar – then fix the presenters (or group of presenters) for the next weeks.
- If this course is given as a lecture, it will be the task of the teacher to highlight different definitions and the data of these definitions. Yet, the students should be given enough time to discuss and comment on the data/definitions and their opinions about poverty and poverty measurement

2. The Sociology of Poverty

- Simmel, Georg. 1906. Zur Soziologie der Armut (The Sociology of Poverty). Archiv für Sozialwissenschaft und Sozialpolitik, Hrsg. Von Edgar Jaffé, Werner Sombart und Max Weber, Vol. 22, No. 1. (use English translation)

This session will introduce students to the classic (and probably the first theoretical) text of the social sciences regarding poverty. Any student of the social sciences and humanities interested in poverty and poverty theory has to have read this text. However, this is a very dense and difficult to understand piece of scholarship.

Goals:

- To Understand the main argument of Simmel's sociological approach to poverty, namely that poverty is defined by the act of granting some form of assistance (relief payments etc.) – a person is poor only if she asks the rest of society for help (and is granted this help). A person can be miserable and deprived and destitute, but the important factor is the act of receiving aid.
- For Simmel, it is the specific relationship between the poor (as someone in need for help for survival) and the non-poor (as giver or donor) that sociologically defines the nature of poverty
- As a sociologist, Simmel is concerned with the societal aspects of poverty, poverty is a social relation, not a defining trait of an individual that is unconnected with the rest of the community
- Moreover, poverty relief is not geared at relieving poverty – it stabilizes society and reduces the risk of social unrest. The goal of poverty relief measures is thus the pacification of society as a whole, not the improvement or even the sustainable improvement of the individual's lot.

Approach:

- Have a group of students present the main arguments of the text to the others
- Ideally, the text should have been read before class by all students
- The text is very difficult – so a discussion and presentation of the main ideas makes sense
- In the text, Simmel often gives historic examples – especially for case of England. This is important to point out, as the English Poor Laws will be covered later in the course
- For the trAndeS-context – it is important to challenge the hypothesis made by Simmel – is poverty really only defined in terms of someone receiving assistance? What do students think when thinking about the contexts they live in? is this a useful theoretical approach for them?
- Even if students think that poverty is not only defined by the act of receiving relief measures, the most important think that they should remember after class is that understanding what poverty is entails investigating the relationship between the poor and the non-poor. That the tension between the existence of poverty and affluence gives rise to numerous political conflicts and policies over time – that help define the social relationships and the social reality of a given country.

3. Poverty in Antiquity and Christianity

- Readings from Scripture – esp. Deuteronomy, Luke, Mathew.
- Germek, Bronislaw. 1994 Poverty: A History. Oxford: Blackwell.

The way in which we deal with poverty – “we” meaning countries that historically have been under the dominance of the Christian religion – has to do a lot with how the teachings of Christianity and the Christian tradition as a “religion of the poor”. It is useful to contrast the approaches to poverty in Greek and Roman antiquity, in which poverty was a god-given fate, and the poor were deliberately excluded from society, to Christianity in which the message of the gospel was not only explicitly addressing the poor, but Christ himself as well as the apostles adopted poverty. Yet, the messages on poverty to be found in the Bible are ambiguous- especially when concerning the role of the rich. Here, as in in the case of Simmel, the interplay between the rich and the poor is interesting to highlight. Also, although the poor and poverty are highlighted in many parts of Christian teachings – the role of the giver, of the affluent is the one emphasized – e.g. the story of St. Martin in which the emphasis is on the Saint, not the poor man or the reasons for his poverty (normative ideal of charity).

Goals:

- Yet, although it is made clear in scripture that the pathway to eternal life is facilitated by poverty, the approach to affluence is ambiguous. Christianity is not a religion that calls for equality or a necessary social upheaval as a political goal. The rich are allowed to stay rich, richness is not a negative trait as such – as long as the rich prove their worthiness.
- Students should learn about the dogma of salvation that resulted in a pact between the rich and the poor and a useful instrumentalization of the poor from the 12th century onwards. It lasted until the criminalization of beggars in medieval Europe began with rising economical power of the cities – and the fact that begging and poverty was suddenly seen as a political threat.

Approach:

- Students should discuss excerpts of the Bible concerning the poor (e.g. passage of the camel and the eye of the needle)
- A presentation on the text by Geremek should introduce them to the measures taken against the poor (criminalization) in the late Middle Ages and the ethical and theological grounds on which this was done (belief of predestination, protestant work ethic etc.)

4. The English Poor Laws

Old Poor Laws

- Geremek, Bronislaw, Poverty, 163-177
- Polanyi, Karl. 2001 [1944]. The Great Transformation. The Political and Economic Origins of Our Time. Boston: Beacon. 71-80, 81-107, 108-115.

The Old English Poor Laws were the first public and tax-financed relief program for the poor. Introduced in the year 1597 they were in place until 1834. The idea that the poor were handed out money based on taxing the affluent (redistribution) was the subject of many and fierce debates in English politics. The main quarrel was about a very modern question: whether the state should help the needy, whether public relief payments induced laziness and perpetuated poverty instead of relieving it...or whether there was a responsibility to assist and secure a minimal living standard for all.

Goals:

- Understand that the old debates on the English Poor Laws still touch upon one of the most passionate debates in modern politics: what is the role and responsibility of the

state vis-à-vis the needy and what might be the negative side effects (or supposed negative side-effects) of generous and unconditional relief

Approach:

- Have students present the system of the old poor laws
- Enter into discussion on the role of the State – and the obligations of the State versus the notion that each member of society is the master of his or her destiny and thus a minimal state is called for.

Critique of the Old Poor Laws (Robert Malthus and Joseph Townsend)

- Malthus, Thomas Robert. 1976 [1798]. *An Essay on the Principle of Population*. New York: Norton– Introduction, Chapters 1-2 and especially 5.
- Townsend, Joseph. 1786. *A Dissertation on the Poor Laws*.
- Lepenies, Philipp. 2013. Of Goats and Dogs. Joseph Townsend and the Idealization of Markets. A decisive Episode in the History of Economics, *Cambridge Journal of Economics*, Vol. 38, No. 2, 447-457. doi: 10.1093/cje/bet024

These two texts are examples of the critical reactions toward the English Poor Laws. Malthus is known as an economist and a demographer – but often it is overlooked that his ideas on the principle of population were part of the general debate on the role of a the state in poor relief. Liberalism and the liberal ideas of unfettered markets (and the principle of competition being a natural guiding principle of every society – asking for a night watchman-state and calling for an abolition of the poor laws) all grew out of the debate surrounding the question whether the poor should be relieved by the state or not. Both Malthus and Townsend refer to “natural laws” – as if the workings of society behaved in the same predictable and logic fashion as the law of gravity and by this line of argumentation, they revolutionized social science – by claiming that these “laws” exist and can be identified and by claiming that policies that did not respect them were bound to fail. These texts are thus important examples of the history of science – and show how scientific arguments were and often still are instrumentalized for specific political goals.

Goals:

- Understand the complexity of how the debates on the English Poor Laws gave rise to important contributions in the history of economic and political thought and paved the way for liberalism and the dogma of competition and free markets.
- Understand how science and scientific findings are instrumentalized to influence policy-making

Approach:

- Have two student groups present Malthus and Townsend – In the case of Townsend, the example of the goats and dogs is crucial, as is the claim that the poor laws cause laziness, the poor should feel hunger in order to behave or otherwise starve (very graphic and extreme example of the anti-poor-law literature – in the case of Malthus, combine the principle of population with the arguments against the poor laws and discuss the similarities and methodological differences between Townsend and Malthus.

Critique of the Old Poor Laws (Jeremy Bentham)

- Himmelfarb, Gertrud. 1970. “Bentham’s Utopia: The National Charity Company”, *Journal of British Studies*, Vol. 10, No. 1, 80-125.
- Himmelfarb, Gertrud. 1984. *The Idea of Poverty. England in the Early Industrial Age*, London: Faber & Faber, 147-176.

Bentham's writings on "pauper management" are among the weirdest and most absurd ideas concerning a possible governmental action against the poor. He makes no difference between prisons and poorhouses (into which the poor were to be confined in order to become useful to society) and wishes the poor to be put to forced labour in institutions build just like his ideal prison, the panopticon. The "pauper management" should be done for profit by private companies – for the good of society.

Goals:

- Students should learn about the person Jeremy Bentham and his philosophy of Utilitarianism
- Contrast the usually positive picture painted by Bentham (in biographies or biographical sketches) with his inhumane and extreme approach to poverty or better "pauper management"
- See that many of his ideas were actually in some way or another put into practice – see for instance the privatization of the penitentiary system in parts of the US or the reform of the poor laws in 1834

Approach:

- Student presentation on Bentham
- Discussion and possible group work discussing the contemporary relevance of Bentham and the underlying theoretical and philosophical foundation (how far are contemporary discussions on poverty inspired by utilitarianism?)

5. The Proletarianisation of Poverty- Industrialization and Communism

- Engels, Friedrich. 1845. The Conditions of the Working Class in England – Chapters: "Preliminary Remarks", "Foreword", "Introduction", "The Industrial Proletariat", "The Big Cities", "Competition and the Situation of the Bourgeoisie"
- Himmelfarb, Gertrud. 1984. The Idea of Poverty. England in the Early Industrial Age, London: Faber & Faber, 270-287.
- Marx and Engels. 1988 [1848]. The Manifest of the Communist Party
- Mearns, Andrew. 1884. The Bitter Cry of Outcast London. An Inquiry into the Abject Poor. London: James Clarke

Communism is a theory that explains mass poverty as being immanent of the capitalist system. It explains poverty (as due to low wages and unemployment), but also claims that poverty is not only an inevitable side effect of capitalism but necessary in order to overcome capitalism altogether. So communists paradoxically see no benefit in alleviating poverty in capitalism – as it would jeopardize the socialist revolution that will bring an end to poverty. So in order for poverty to be overcome, the maximum possible amount of poverty and destitution in industrial capitalism is to be desired. The poverty described by communism is a specific form of poverty that surfaced during the industrial revolution in England and to a lesser degree in other parts of Europe. What also became prominent in the course of the industrial revolution were ever more thorough descriptions of the socio-economic reality of poverty. Many of the writings of that time are almost anthropological in character and make us understand destitution and hopelessness.

Goals:

- Understand the specific theory of poverty of capitalism as part of communism
- Focus on the writings of Friedrich Engels and the Communist Manifesto. But Engels is more important – his anthropological descriptions of poverty in England are shocking and rich in detail – students should understand not only the poverty debates of early communism, but see the work of Engels as a work of coming of age – written

by a young man in his early 20s – the same ages as most of the students – but with a clear goal in mind.

Approach:

- Students should present very briefly the main explanation of mass poverty in communism (appropriation of surplus etc.) but stick to the text of Engels. Read excerpts together and discuss whether this form of poverty still has some contemporary likeness – see the Engels text as a specific literary form and discuss his use of style...with Engels, analyzing how he says things is as important as analyzing what it is he says

6. Scientific Reactions toward Poverty and Poverty Measures (Poverty Line, Measures of Poverty I)

- Rowntree, Seebohm. 1901. Poverty: A Study of Town Life [Methodology of the Poverty Line]
- Webb, Beatrice. 1926. My Apprenticeship. Chapter on Booth

In England, the fear of a possible communist upheaval resulted in frantic efforts to understand more about the nature and the degree of poverty in order for the government to devise adequate measures. Interestingly, it were businessmen, not academics, who made the first attempts of quantifying poverty. Charles Booth in London and Seebohm Rowntree in York invented many of the still used qualitative and quantitative methods of empirical social research. Not only did they invent the idea of a poverty line that could measure headcount poverty (the percentage of people living in poverty), but their methodology (cost of basic needs approach or calorie intake method) is still used. From this moment onwards, not only was poverty quantified – but the notion of what poverty really was narrowed down (due to the lack of methodologies or data to measure it otherwise). Poverty was only defined looking at the income dimension, and came to describe extreme poverty – the “maintenance of mere physical efficiency”. It is from this time onward and in combination with the methodology of measurement, that poverty – following Simmel- is no longer limited to the act of asking for help, but instead describes a person unable to survive. With this, poverty lost its relative character and was seen as an absolute phenomenon only. This is still characterizing our global approach to poverty. This is a key unit of the whole course. What should be noted is that Rowntree using his poverty line from 1900 at different intervals, could claim in the 1950s that poverty had been “ended” – since it was no longer measurable. Rowntree discovered a possible end of poverty – but only according to his methodology.

Goals:

- Understand the approaches and methodologies of Booth and Rowntree
- Understand how much their work influences how we perceive poverty – in form of measurement and in form of a narrowing down of the meaning of poverty to mere physical survival.
- Understand that only this narrowing down could induce the excitement of having ended poverty in the industrialized West

Approach:

- Student presentations – discuss the merits and demerits of the poverty line. Link the discussion to the first session.
- Appraise the legacy of Booth and Rowntree.
- Discuss the possibility of an end of poverty

7. The Culture of Poverty and Latin American Poverty

- Lewis, Oscar. 1966. The Culture of Poverty, Scientific American, Vol. 215, No. 4, 19-25.
- Galbraith, John Kenneth. 1958. The Affluent Society, Chapter 22. The Position of Poverty

Poverty was seen a marginal phenomenon in the Western industrialized countries (due to the apparent end of poverty according to the poverty line statistics). But somehow “pockets of poverty” or “islands of poverty” still existed. Oscar Lewis’s path breaking anthropological work claimed that the poor were not subject to low wages or other internal circumstances but had developed a specific “culture of poverty” –a specific form of seeing the world and their place in it that contributed to a large degree to the perpetuation of poverty over generations. This culture of poverty was not only visible in the slums of the industrialized world, but also in Latin America – especially Mexico. If one was born into this “culture”, little prospects of improvement did one develop – so the claim went. Next to the universality of the concept, it was argued that this could explain the perpetuation of poverty – and that reasons for poverty were at the same time external as well as internal to the individual.

Goals:

- Students should become familiar with the main arguments of Lewis

Approach:

- Have students present the Oscar Lewis’s ideas – And discuss his methodology and finding
- Is there such a thing as a specific “culture of poverty”? Are the poor different than the rest? Is this a useful concept? What could be or what are critical points?

8. Poverty and Development Policy

Modernization Theory and Growth

- Preston, P. W. 1996. Development Theory. An Introduction. Oxford: Blackwell, 153-178.
- Galbraith, John Kenneth. 1958. The Affluent Society, Chapter 4
- Kuznets, Simon. 1955. Economic Growth and Income Inequality. American Economic Review (Kuznet’s Curve)

In the early phases of development policy, poverty was one of the main reasons for the evolution and justification of international aid – but modernization theory saw no specific poverty-targeted policies. Rather, it was the extreme improvement of material living standards in the West in the early post-War period that led to the erroneous and simplistic conclusion that economic growth was all it took to alleviate poverty. A reduction in poverty was considered to be a desired side effect of industrial expansion. This notion is still prevalent today. But it is important to point to the historical context in which this idea evolved. This idea is often connected to the so-called Kuznet-Curve – but reading Kuznets should sensitize students to the fact that Kuznets was much more cautious in his analysis and actually shows just what has to be done for growth to cause less inequality and thus less poverty, too.

Goals:

- Know about the idea that poverty is automatically reduced through growth – and the historical context in which it emerged

- Make the connection between inequality and poverty (as in the text by Galbraith and Kuznets)
- Know about the complexities of Kuznets (who places a special emphasis on the political and social movements and pressures that arise from growth) – which is very different from the naïve idea that growth automatically leads to inequality and poverty reduction.

Approach:

- Have the students discussed the connection between growth and poverty and inequality reduction- what about Peru?
- Discuss the practical relevance and the dangers of the Kuznets thesis

Basic Needs

- Hunt, Diana.1989. Economic Theories of Development. An Analysis of Competing Paradigms. New York: Harvester Wheatsheaf, 259-291
- Seers, Dudley. 1969. The Meaning of Development. International Development Review, 11, 2-6.
- UI Haq, Mahbub. 1973. Crisis in Development Strategies, World Development, Vol. 1, No. 7, 29-31.

The Basic Needs approach was the first true paradigm change in development – and it had a lot to do with a new conceptualization of poverty. Whereas poverty was seen mostly as income poverty before, advances in measurement of social indicators (health, education etc.) and the fact that early development endeavors based on growth did not have the desired poverty-reducing effect led to a re-configuration of what poverty meant – namely the inability to meet basic needs. However, the exact understanding of which basic needs were to be taken into account was again subject to measurement and also of political will. Through the basic needs approach, poverty was not only understood in a very narrow sense, but localized in the Third World, exacerbating our understanding that poverty was a feature of countries of the Global South but not of the Western industrialized nations. The Basic Needs approach, forcefully propagated by the World Bank reshaped the face of development policy – it was no longer industrialization and growth that were the dominant strategy, but meeting basic needs on the micro level (villages) and in the countryside (in which social indicators were usually worse).

Goals:

- Understand the context of the emergence of the Basic Needs approach
- Understand how innovative social measures facilitated this paradigm change
- Understand how the basic needs approach has exacerbated our narrow definition of poverty and additionally allowed for a new geographical localization of poverty – as a distinct phenomenon of the Third World – and of rural livelihoods
- Understand how the Basic Needs approach has changed the practice of development - and the iconography of development (famine, starving children, Sub-Sahara Africa)

Approach:

- Presentation of the approach according to the text by Hunt
- Discussion groups trying to unearth how the new paradigm changed development practice and the global perception of poverty
- Use pictures of annual reports of aid agencies to see how the image of meeting Basic Needs is translated into a specific iconography of aid (and the image that the wider public has of aid and poverty)

9. Postmodern and Anthropological Critique of Development

Robert Chambers idea on Rural Development (incl. Participatory Rural Appraisal Methods)

- Chambers, Robert. 1983. Rural Development. Putting the Last First. Harlow: Longman, 1-27; 103-139; 168-189.
- Chambers, Robert. 1997. Whose Reality Counts. Putting the First Last. London: Intermediate Technology, 130-161 (PRA = Participatory Rural Appraisal).

Robert Chambers was one of the first to criticize that one of the main reasons for unsuccessful development projects (and thus projects that failed to reduce poverty) had to do with the preconceptions of poverty that outside experts have of the matter. His subject was the epistemological dominance of Western or better Northern perceptions of poverty and poverty alleviation strategies that often did not adequately reflect the way in which the rural poor themselves saw their lives. The idea of Chambers was that a reversal was called for. Experts (outsiders) should become those who have to learn and the rural poor (insiders) were the ones to teach them about their lives. In order to facilitate this learning process and the understanding of local context, Chambers made use of a number of methodological instruments geared at overcoming the gap in knowledge and understanding by having the target population participate in knowledge generation exercises. These methods, known by the acronym PRA or RRA – are in some form or another still in use today. To know about them is of practical and methodological relevance for all future social scientists. Yet, the idea that just by using new instruments and claiming that the role of the outsider and insider can be easily reversed is not without pitfalls. Yet PRA and RRA methods could potentially be interesting for future research students.

Goals:

- Get an introduction into the epistemological critique of Chambers
- Know about the methodologies of PRA and RRA
- Know about the problems of epistemology and preconceptions
- Know about the critical position of the external expert in development and poverty analysis
- Students should note that in order to siphon off local knowledge – PRA and RRA could be useful tools in their own research – especially with indigenous communities.
- Understand that the critique of Chambers of rural development and rural poverty alleviation schemes is a result of the effects of the basic needs approach

Approach:

- Have the students present the text in small groups
- One group should present the methodological instrument of PRA and RRA another the main critique of Chambers
- Group work: have small groups draw maps of their communities, neighborhoods, the university campus and surroundings using different materials (sticks, beans, stones, rice, potatoes, anything...work on the ground and with large posters of paper) – document the results by taking pictures, have them explain to the others how they approached the task and engage them in a discussion about whether this is useful or helpful or not in knowledge generation
- Discuss how feasible it is to try to change the role of insiders and outsiders – or how useful
- Discuss in what research setting these tools might be helpful

Arturo Escobar Encountering Development

- Escobar, Arturo. 1995. *Encountering Development. The Making and Unmaking of the Third World*, Princeton: Princeton University Press, 3-20, 21-54, 212-226.

Robert Chambers, as Escobar an anthropologist, criticized the practice of development and the underlying concept of poverty from a practical perspective and with an in-depth knowledge of development practice. He was not opposed to poverty alleviation via development aid in general, he just thought that development should be done differently and that the first step was via a reconceptualization of knowledge and the flow of information. Escobar's critique is similar in many ways – yet, it is much more “intellectual”. Escobar's book is one of the founding texts of the so-called post-development movement – that in the wake of post-modernism used the post-structuralist philosophy of Foucault to argue that development itself was flawed (i.e. the practice and underlying dogma of help and assistance of the North to the South) and should be overcome altogether – in a new era of post-development. Interestingly, Escobar goes at some length to highlight that one of the defining features of the development narrative is to proclaim, basically ex cathedra, that the Global South is poor – by the standards of the developed nations, yet mostly not in their own perception. This imposition of “poverty” created a global power structure that was fortified by theories, institutions and experts and blended into a global common wisdom that was advantageous to the North and West, but less so to the Global South.

Goals:

- Understand the post-structuralist critique of Escobar
- Understand the nature of post-modernist philosophy and Foucault
- See how this is applied not only to development – but also and especially to the idea of poverty

Approach:

- Next to presentations on Escobar and post-modernism, discuss the originality and the consequences, if any, of a post-development approach
- Mock TV debate of a World Bank expert and a post-modernist inspired philosopher

10. Self-Help. The Role of Entrepreneurs and the Informal Sector

- De Soto, Hernando. 1986. *The Other Path. The Invisible Revolution in the Third World*. New York: Basic Books.

In the 1980s, with the emergence of the neoliberal dogma, new approaches to development and poverty alleviation concentrated less on specific public policies, but rather on minimizing governmental efforts altogether. Instead, the market was seen to provide the only efficient mechanism to allow private initiative and ingenuity to thrive – to make economies grow and to diminish poverty. It is during this epoch that a new actor within the economic realm of many developing countries had been discovered: the micro-entrepreneur. Small in scale, often consisting only of the “entrepreneur” himself and his family, the idea of the micro-entrepreneur holds that each and every one of us is an entrepreneur in waiting – that everyone carries within himself the motivation and possibility to become an entrepreneur. With this construction, the idea was transmitted that the state or anything public usually acted as an obstacle to unleash the entrepreneurial potential of the poor inhabitants of a country. The private sector, unfettered by interference, was in this view the most effective construction to rely on that the livelihoods of the poor got better. Rather than providing a new theory of poverty or a new idea of what poverty meant, the notion of the informal entrepreneur (informal meaning outside the law- supposing that red tape made it financially impossible for poor to-be entrepreneurs to apply for an official license) introduced a theory of

how a country could overcome poverty – and this was basically by pulling oneself out with one’s own bootstraps by becoming an informal entrepreneur. The message that this idea entailed was revolutionary – it was no longer institutions, policies or aid agencies that were seen as necessary to combat poverty in the Third World – poverty alleviation could be reached whenever the entrepreneurial potential was made use of basically by adopting a laissez-faire approach.

One of the major publications to highlight the positive dynamics of the informal entrepreneurial sector was De Soto’s “El Otro Sendero.” This book not only is a classic in its own right. In this course it is important to cover because not only was it written by a Peruvian and takes as example the informal sector of the Capital of Lima. More importantly, the inherent neoliberal and conservative ideology behind it has strongly influenced and continues to influence Peruvian politics. And neoliberal policy measures have left a lasting mark on the socio-economic reality of Peru as well.

At the same time, the book is to be analysed not only through arguments themselves, but through the strategy of persuasion- through the means by which de Soto attempted to get his point across – rhetorical, but especially through the use of photographs that seemingly show a linear path to material progress and well-being if people organized freely and without state interference. Thus, de Soto is a major publication to highlight and analyse in any course on development and poverty.

Goals:

- See de Soto’s book as a major contribution to neoliberal thinking
- Understand the argument of the book
- Understand the various means of persuasion used
- Understand the lasting influence of the book and its arguments - in terms of policy-making in general and poverty alleviation in particular

Approach:

- Have small groups discuss the means of persuasion of the book
- Discuss whether de Soto’s ideas are realistic, still relevant
- Discuss whether the students are persuaded by the arguments or put off by them –
- Discuss whether the reality of the informal sector is adequately reflected in the book
- Which counter-narrative of the informal sector could be told?

11. The End of Poverty

- Sachs, Jeffrey. 2005. *The End of Poverty: Economic Possibilities for Our Time*. New York: Penguin, 13-40, 69-115, 439-443.

Ever since the late 1990s, but especially with the proclamation of the Millennium Development Goals (MDG) in the year 2001, the end of poverty has become one of the boldest goals of the international community. The first goal of the MDG read: End extreme poverty and hunger – and the indicator was defined as halving the percentage of people living below the international one-dollar-a-day threshold. So although the explicit statistical performance indicator was just halving the percentage of poor people (and not the absolute number), the idea of “ending poverty” became the rallying cry of a new justification for aid payments. This came because of the agony of the 1990s, a decade that saw aid budget cuts to a degree that the future of aid and the future of the UN were seen as being in jeopardy. Initiatives like “Making poverty history” were proof of an unprecedented lobbying effort especially by the UN and civil society NGOs appealing to the conscience of the developed world to enable the poor of the Global South to be lifted out of poverty just as they had been.

However, the normative idea that poverty should and could be ended had somehow to be “proven” scientifically. In order to show the feasibility of the MDG, eminent economist Jeffrey Sachs was asked to investigate whether poverty could be ended and the MDG reached – and how this could be done. The result of this endeavour was the UNDP “Sachs Report” – a report that seemingly and with economic precision showed just how the MDG could be attained. But additionally, Sachs published his own vision of how to end poverty – a book that not only became a best-seller, but is probable the single-most important reference point for anyone interested in poverty and poverty alleviation schemes.

As is the case of de Soto’s *El Otro Sendero*, the book “The End of Poverty” has to be analysed and understood in a holistic fashion and within its context- not only by the arguments alone. Information on the person Jeffrey Sachs and the role he has come to play as a fierce advocate of aid (while at the same time having a rather dismal track record in his shock-therapy transformation policies in Eastern Europe and Russia) are important, as is his “economic approach” and his plea for a “clinical economics”. The book makes the point that an end of poverty is within reach, that developing countries are caught in a poverty trap out of which only external assistance can save them. Progress and development, are, according to Sachs, to be seen as a ladder onto which a country can climb on its own if the right policies are in place. Yet, the important moment is being able to ascend to the first step – this is the role that external assistance has to play.

What is interesting in Sachs’s approach is his extreme optimism regarding the possibility to end poverty mechanically. His approach is one of extreme social engineering. Yet, his approach is seen by him as an explicit reaction to the even more extreme and one-size-fits-all approaches of the structural adjustment strategies of the 1980s and 1990s that were hailed by both the IMF and the World Bank at the time. So seen in its context as a contrast to erstwhile approaches, Sachs’s ideas seem subtle. However, the approach described by Sachs does resemble the stereotype external expert behaviour highlighted by Robert Chambers in his writings on rural development. At this point in the course, students should be able to make cross-references to the other texts and analyse the new texts with the argumentative toolkits they have been provided with in the last sessions. The text by Sachs is not only to be seen critical in its naiveté and over-simplification and in its belief in the solvability of complex development problems, but as a tool that gives apparent high-class academic justification to a specific policy under pressure: development.

The End of Poverty is again, an example of the rather narrow concept of poverty that is prevalent. Although only extreme poverty is what is talked meant by the end of poverty, the adjective “extreme” is usually and often left out. So obvious does it seem that poverty means the inability of naked survival that no clarification is needed. Yet, relative aspects of poverty seem to be left out in this discussion.

Goals:

- Understand the argument of the poverty trap and clinical economics
- Understand the context of post-structural-adjustment approaches
- Apply cross-references to texts from Chambers, Escobar
- Understand the political economy of the text (as a justification for aid) and geared not only at the wider public, but at decision makers
- Understand, as in the case of De Soto, the means of persuasion – style, arguments, mix of text and graphics, messages (often seems more of a management brief than a real academic book)

Approach:

- Create a debate. One group has to defend the idea that poverty can be ended, the other opposes it

- Discuss whether poverty can be ended at all – What about relative poverty? Where does that come into play?
- Try to analyse whether the idea of poverty and how to overcome it according to Sachs will really lead to what he claims: the end of poverty

12. Measures of Poverty II

- World Bank Institute. 2005. Introduction to Poverty Analysis. Washington DC: World Bank. <http://siteresources.worldbank.org/PGLP/Resources/PovertyManual.pdf>
- Sen, Amartya. 1976. Poverty: An Ordinal Approach to Measurement. *Economica*, Vol. 44, No.2
- Foster, James, Joel Greer and Erik Thorbecke. 1984. A Class of Decomposable Poverty Measures. *Econometrica*, Vol 52, No 3. 1984

This session is an introduction into advanced quantitative measures of poverty. The World Bank text is an excellent introductory text that goes at some length to explain different measures and the advantages and disadvantages of them. Amartya Sen's text is classic. Parting from the observations on the limitations of the poverty headcount, as expressed in the traditional poverty line, Sen develops various normative prerequisites that a poverty measure has to have in order for it to truly grasp the nature of poverty. One is that a poverty measure has to be sensitive to the degree of poverty- meaning the gap between the individual income and the poverty line- the other is that a measure has to be sensitive to inner-poor redistribution that might not change the headcount measure, but the livelihoods of the poor tremendously. Sen also proposes a specific Sen-Index in which a weight is given to those who are poorer than the others in order to account for the severity of prevalent poverty. The article by Foster, Greer and Thorbecke is also a classic. It introduces the decomposable poverty formula from which the headcount, poverty depth and the severity of poverty can be derived mathematically. In the World Bank reading of this class, the different measures are all based on the FGT-decompositions and excellent examples are given as to how these measures can be calculated.

Yet, although the main idea behind the broadened poverty measures makes sense, students should realize that the poverty headcount is still the dominant and mostly used form of calculating poverty. This is, to some degree, because the necessary data in order to calculate the other decomposed measures is not available in most cases. Another reason is that the result of these measures in terms of the number it results in are not intuitively understandable and communicable politically. Thus, this introduction shows how much the debate on the quantification of poverty is dependent on normative axioms – and mathematical elegance – but of little practical usefulness.

Goals:

- Know about Sen's headcount critique and the axioms of poverty measurement
- Be able to decompose the different measures from the main FGT-formula
- Know about the practical limitations of these measures

Approach:

- Present the measures and their theoretical foundations in small groups – one group presenting the Sen-Index and another group the decomposable measure by Foster, Greer, Thorbecke FGT
- Calculate some empirical examples for these measures
- Discuss the practicality of these measures, the interpretative value added and the availability of the data in the Peruvian case

- Can you find these measures for Peru? Are students familiar whether these measures are used in political debates?
- If not, can they think of reasons why this is not the case?

13. Measures of Poverty III – Global Poverty: One-Dollar-a-Day

- Pogge, Thomas. 2003. The First UN Millennium Development Goal: A Cause for Celebration? http://ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/publication/wcms_087882.pdf
- International Poverty Centre IPC – UNDP. 2004. Poverty in Focus: A Dollar A Day – What does it Say? IPC: Brasilia
- Reddy, Sanjay and Rahul Lahoti. 2015. Is the Devil in the Details? Estimating Global Poverty. <http://beta.ineteconomics.org/ideas-papers/blog/is-the-devil-in-the-details-estimating-global-poverty>

The one-dollar-a-day measure of poverty, introduced first by the World Bank in its World Development Report of 1990, is the single best known poverty measure. Especially since the proclamation of the MDG this measure had been dominant. Yet, although it seems straightforward, the methodological construction of it is very weak. This not only has to do with the sample of countries that were used in various calibrations of the measure, but the most important point is the role played by purchasing-power-parity PPP exchange rates in the process of defining the measure – and in the process of determining how many poor people there are in the world. The main weakness that results from the use of the PPP rates is the fact that the number of poor changes due to a change of prices for goods that the poor do not consume – Thus the statistical poverty dynamics can (that show whether poverty became smaller or not), to a large degree, be the result of international price changes and not necessarily the success story of anti-poverty policy measures.

But, the measure is a good example of the political economy of statistics, i.e. the fact that behind the creation and the success of a statistical indicator often lie political interests and the bargaining power of large institutions (such as the World Bank in this case, or even the UN). The one-dollar-a-day measure allows quantifying in one aggregate number the amount or extremely poor people – and thus serves as a justification of further aid money – and as an indicator of success or failure of development altogether.

It is, again an example how poverty is not only mostly limited to the monetary and income dimension, but also to the case of extreme poverty.

Goals:

- Students should know the construction methodology of the one-dollar-a-day line
- Students should be aware of the limitations of this methodology
- Understand that this statistical indicator is more of a political tool than a true statistical reflection of poverty.

Approach:

- Students should present to each other the methodology of the poverty line
- Another group or within a group discussion the weaknesses of this approach should be identified
- The discussion should also revolve about the issue of a statistic being a political tool – and for what cause....

14. Philosophical Approaches to Poverty (Amartya Sen)

- Townsend, Peter. 1962. The Meaning of Poverty, *The British Journal of Sociology*, Vol 13, No. 3, 210-227.
- Sen, Amartya. 1999. *Development as Freedom*. Oxford: Oxford University Press, 15-35, 87-110, 282-298.
- Nussbaum, Martha. 2003. Capabilities as Fundamental Entitlements: Sen and Social Justice, *Feminist Economics*, Vol. 9, No. 2-3, 33-59.

Amartya Sen's capability approach is the most thorough and wide-ranging theory of poverty of our times. It parts from the Aristotelean notion that human flourishing should be the meaning of life. Thus, what is of less importance is the question of how much income a person has. Income is a means to an end, i.e. to a fulfilled life, not an end in itself. One of the major criticisms that Sen has of conceptualizing poverty as income poverty, and of believing that development can adequately be measured in terms of per capita income, is that it confounds means with ends. What should count, for him, is the question of whether a person can be the person he or she has reason to wish to be. This means that the poverty of a person should be seen in terms of whether a person has the necessary capabilities to lead the life one wants –this could be access to education, health, but also gender equality and democratic freedoms. Poverty, according to Sen, means capability deprivation, i.e. the fact that someone is limited to realize his or her potentials. If poverty is capability deprivation, then development is capability expansion – enlarging people's choices or freedoms. What is important about the capability approach is the fact that it combines a definition of development with a definition of poverty. At the same time, the concept of poverty employed by Sen is far-reaching. It combines the idea of absolute and relative poverty and takes the aspirations of the individual as the point of reference. Sen's ideas go beyond the mere satisfaction of basic needs and would include, in principle, aspects of free speech and democracy. Yet, for him it is important the societies deliberate themselves on which capabilities should be enlarged with priority. This sets him apart from the approach taken by Martha Nussbaum who claims that a set of basic capabilities can be identified that in principle have universal value and are valid for each and every society and community on earth. For Sen, however, although a set of basic capabilities might be the outcome in every case, it is however the process of public deliberation and debate that is an important part in development and poverty reduction – for him, in fact, the possibility to deliberate on priority capabilities is a main element of the idea of justice.

Yet, his ideas are not without problems. The capability approach is based on an anthropocentric worldview in which the individual and his or her personal capabilities are at the centre – as is the idea that an individual shall flourish. It has often been said that the capability approach justifies Western values – a claim that in fact is quite absurd given that Sen is Indian and goes at some length to define in his book that there is such a thing as universal values and that it cannot be claimed that this is a monopoly of the West. Another claim is that the concept is not applicable in communities that might be characterized by a community-centred worldview. In any case, Sen's concepts do not only revolve around the question of a definition of poverty, but on far-reaching aspects such as the the discussion on universal values and ideas of justice and the the concept of what constitutes a good life.

In 1990 the United Nations Development Programme UNDP adopted Sen's capability approach under the heading "human development approach" and tried to give a measurement of it through the "human development index" (HDI).

Goals:

- Understand Sen's notion of capabilities and functionings
- Understand Sen's definition of poverty as capability deprivation and development as capability expansion

- Understand the philosophical foundation of Sen's theory
- Understand how Sen's ideas have been put into practice

Approach:

- Have students present Sen's findings – and Nussbaum's
- Group discussion on whether the capability approach is a useful theory of poverty and development – both on the theoretical level as well as regarding practicability
- Discuss whether the capability approach represents Western values and whether this is problematic
- Would the approach be applicable to indigenous communities in Peru and the Andean region? And if not, why not?

15. The Economics of Poverty (Randomized Control Trials)

- Duflo, Esther and Abhijit V. Bannerjee. 2011. Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty. New York: Public Books

Randomized control trials (or RCT) are hailed as the latest innovation in social science empirical research. Pioneered by Esther Duflo and Abhijit Bannerjee of the Massachusetts Institute of Technology (MIT), the approach applies the methodology of randomized pharmaceutical trials (based on the idea that one randomly selected group of people receive a treatment, i.e. a new medication, whereas a control group receives none or a placebo in order to determine whether the consequences of a treatment can be attributed to the treatment alone) to development policy and poverty alleviation programmes. Duflo and her colleagues have claimed that through their methodology, they have been able to find out "what works" in development and the rationalities behind often seemingly irrational behaviour of poor people. This section of the course is not about the intricacies of the methodology – but wishes to highlight some of the findings of Duflo et al.'s research over the years that have been condensed into the book "Poor Economics". Whereas the economics profession ranks the book and the RCT methodology as one of the most innovative contributions to our understanding of poverty, other social scientists beg to differ. In fact, the book rather than give us a new and better understanding of poverty is an example of the economic profession's inability to take note of what has been researched and investigated in other areas (namely anthropology) on the issue of poverty – leaving many of the so-called findings of the book reduced to little more than a re-invention of the wheel. Yet, the book and the success story of Duflo and her approach are also telling as to how a specific profession can use their research to their advantage and receives much more attention than others. This is not to say that no important or new aspects of poverty and the poor can be learned from reading the book. But the over-optimistic generalizations of the book - that makes an explicit point to be more precise in its findings than for instance Jeffers Sach's The End of Poverty - is cause for concern and critical scrutiny, as is the fact that the RCT's are questionable from an ethical point of view.

Goals:

- Have a vague understanding of the methodology of the RCTs
- Know about the main findings or claims of Poor Economics
- Try to understand why the book and its methodology are so much "hyped"
- Identify the critical points of both the approach, the messages and the commercial and academic success of Duflo et al.

Approach:

- Student presentations on the methodology (brief), and main findings of the book
- Discuss pros and cons of the approach
- Discuss the style and methods of persuasion of the book and discuss them critically
- Discuss whether these findings hold for the case of Peru — if not, what other interpretations of poverty can be given?

16. Measures of Poverty IV - Measurement of Subjective Well-Being

Stages of Progress Methodology (with strong reference to Peru)

- Krishna, Anirudh. 2005. Stages of Progress: A Community-Based Methodology for Defining and Understanding Poverty
<https://sites.duke.edu/krishna/files/2013/06/SoP.pdf>

Universal approaches and definitions of poverty run the risk that they do not reflect the specific cultural concepts of progress and well-being that might be prevalent in specific cultures and communities. In order to be able to understand what makes up well-being, poverty and affluence in a specific context, Anirudh Krishna from Duke University devised a specific practical methodology- the ladder of progress approach, in which small communities are asked to define themselves the specific steps on their “ladder of progress” – basically having them define the indicators and parameters that they feel are important (e.g. defining that a person having a cow is no longer poor – or that someone without a wife and five hens is poor etc.). Krishna has produced hands-on manuals that explain how the methodology can be applied when doing research on poverty in specific communities – and thus is a very helpful tool for research students that wish to look at the poverty dynamics within a specific socio-cultural context. For Krishna, it is important that the poor usually are not always trapped in poverty, but move out of it while others move in – depending on the socio-economic circumstances. Thus, it is important to know just when a person is no longer poor or falls into poverty. This is something the usual per-capita related concepts miss.

Krishna has applied the methodology to numerous different country context – amongst them Peru. This why looking at his ladder of progress approach is not only interesting for practical reasons, but also in order to contrast his findings with the reality of Peru.

Goals:

- Understand the ladder-of-progress methodology
- Know how to apply the methodology in one’s own research

Approach:

- Student presentation of the methodology and the findings of the Peruvian case study
- Create study groups that try to apply the methodology to a specific Peruvian community. How would they go about?
- Discuss the advantages and disadvantages of the approach

17. The Multidimensional Poverty Index (Measures of Poverty V)

The MPI or Multidimensional Poverty Index is an attempt to measure in more depth the degree of deprivation of a person. It is not only inspired by Sen’s capacity approach but is also an application of the FGT measure of poverty. The important methodological feature of the measure is the fact that specific determinants of poverty are weighted with specific weights (not the same weight for each indicator) and a poverty threshold being composed of

a pre-defined minimal number of specific dimensions of poverty that have to be realized. An innovative feature of the measure is the fact that in principle all communities, regions or countries can specify the dimensions of poverty prevalent in their specific circumstances themselves as well as define the threshold number of realized dimensions in order for a person to count as poor. Again, this is an important measure to know and understand in order to make use of poverty statistics – especially those indicators that attempt to overcome the oversimplification of income poverty measures.

- Alkire, Sabina and Emma Santos. 2010. Multidimensional Poverty Index. Research Brief. OPHI.
<http://www.ophi.org.uk/wp-content/uploads/OPHI-MPI-Brief.pdf>
- OPHI. 2011. The Multidimensional Poverty Index 2011. OPHI.
<http://www.ophi.org.uk/wp-content/uploads/OPHI-MPI-Brief-2011.pdf>
- UNDP. 2015. Training Material for Producing National Human Development Reports. The Multidimensional Poverty Index.
http://hdr.undp.org/sites/default/files/mpi_trainingmaterial_mcc_mk_clean_june_2015.pdf

Goals:

- Understand the methodology behind the MPI
- Understand the link to FGT and Amartya Sen

Approach:

- Have small student groups explain the methodology of the MPI
- Discuss advantages and disadvantages of the approach (technical)
- Discuss applicability to the Peruvian case (cultural and socio-cultural technique)

18. Final Discussion

Have the students discuss their experiences with the readings and topics of the course. What has contributed most in introducing them to new aspects of poverty? Which topics have surprised them? Which approaches to they find useful for their own future research? What was missing in their view from the course and what can be done differently or better? Did they enjoy the discussion groups and group work?

Supplementary Tool: Academic Writing (English)

- McCloskey, Deirdre. 2000. Economical Writing. Long Grove: Waveland III.

One of the best and funniest introductions into writing research papers in English – geared at economists but applicable to any social scientist.

About trAndeS

trAndeS is a structured postgraduate program based at the Pontificia Universidad Católica del Perú (PUCP) that contributes to sustainable development in the Andean region through its research and training activities. The project partners are Freie Universität Berlin and Pontificia Universidad Católica del Perú (PUCP).

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The objective of **trAndeS** is to create and promote knowledge that can contribute to the achievement of the United Nations Agenda 2030 with its 17 Sustainable Development Goals (SDG) in the Andean Region. It focuses its efforts on identifying how the persistent social inequalities in the region present challenges to achieving SDG targets and how progress toward these targets can contribute to the reduction of these inequalities.

Further information at www.programa-trandes.net.

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The logo for DAAD (Deutscher Akademischer Austauschdienst) is the word 'DAAD' in a large, bold, blue sans-serif font.

Federal Ministry
for Economic Cooperation
and Development