

THE UNIVERSITY OF HONG KONG
SCHOOL OF ECONOMICS AND FINANCE

CCGL9025: The Political Economy of Growth and Poverty in the World
First Semester 2016-17

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COURSE LOGISTICS:

Lecture Schedule: Wednesday, 2:30 – 4:20 pm

Lecture Room: MW T2 (Theatre 2, Meng Wah Complex)

The first lecture will be devoted to an introduction of the course and on Moodle logistics.

Exact dates for cancelled classes will be announced in due course. Make-up classes will be scheduled during Reading Week and will be announced in early September, 2016.

We use a course management system named MOODLE. Please login to your HKU Portal account to access MOODLE. For further details, please refer to the “MOODLE Instruction Guide” that is posted on our MOODLE website. You are urged to ask questions about the course via the MOODLE platform.

Lecture notes will be uploaded as the course progresses.

COURSE DESCRIPTION:

This course studies how poor nations have alleviated poverty through economic growth and why inequality continues to persist in rich nations. We examine closely how empirical evidence is used to arrive at robust findings of falling inequality globally, but rising inequality within nations. Simple economic ideas on economic

growth, international trade and investments are learned and used to explain why the spread of markets and economic globalization has fostered growth and reduced poverty in many poor nations. We also examine why some poor nations have failed to grow and remain mired in poverty. We also consider why poverty has not been eliminated in rich countries and why inequality has increased in recent decades. The role of human capital investments, technological advances, and political economy factors are introduced and used to investigate the experiences of the rich economies, including Hong Kong.

AIMS:

The course helps students to:

- (1) gain an understanding of why some nations succeed to grow and others remain poor;
- (2) learn why prosperity within and across nations is not equally shared;
- (3) understand the interplay of the state and the market in affecting growth and poverty; and
- (4) attain a critical appreciation of why different individuals and groups support or oppose globalization.

Students are introduced to examples of how political processes in one nation can impact development outcomes in another nation. They study how political processes interacting with economic processes at local, national, and global levels can lead to great variations in development outcomes.

PRE-REQUISITES:

There is none.

ASSESSMENT TASKS:

Assessment Method	Assignment	Weighting	Alignment with CILOs
Written paper	Expository essay	45%	1, 2, 3, 4
Class participation	Lecture and tutorial participation	5%	1, 2, 3, 4
Final Examination	2-hour written examination	50%	1, 2, 3, 4

There are two assessment requirements for this course: (1) a written 2-hour final exam (50%) covering everything taught in the, and (2) course coursework is a written paper of 1500 words (45%). The course grade 100% is determined as the sum of three assessment requirements.

Final Exam:

The final exam will be scheduled in the Assessment Period and will be essay type. Students will choose to answer 3 out of 5 questions. The questions will be on the course material taught in class.

Written Paper

The written paper should examine in depth a specific topic studied in the course. It should be a thoughtful examination of a topic discussed in this course based on the materials assigned in the reading list. There is **NO** need to consult additional reading materials. Students should **NOT** work on a subject from another course. Here are some good approaches:

- (1) Write a review of one of the books assigned in this course.
- (2) Compare and contrast the analysis between two books on a common subject.
- (3) Write on a topic that is discussed in several books or papers.
- (4) Consult with the tutor for advice in deciding on a topic.

The final written paper is due on **Wednesday, 14 December 2016**, which is one week after the revision period and 2 weeks after classes have ended. Late submissions will **NOT** be accepted. A precise word count must be given at the end of the paper. Footnotes and references should be placed at the end of the paper so that they can be excluded from the word count. Appendices are not necessary and not appropriate for papers of such a short length and should not be submitted. It is advisable to seek English language assistance if needed to ensure that your paper is clear.

Nine weeks before the deadline for the final paper, students **must** submit a **half-page proposal** of the paper **they intend to write**. **The deadline for the proposal is before the start of Reading Week on Sunday, 16 October 2016**. Late submissions will not be allowed. Students should include in the proposal the title of the project and a short summary of the subject they will investigate.

Students are also encouraged to submit a first draft of the final paper for the instructor to provide feedback, but this is optional, not mandatory. If students choose to submit a **first draft, they must do so at least 3 weeks before the deadline for the final paper on Wednesday, 23 November 2016**. Your grade on the paper will depend only on your final paper, and not your draft.

Therefore, **deadlines** to be observed:

Proposal submission	—	Sunday, 16 October 2016
First draft (optional) submission	—	Wednesday, 23 November 2016
Final paper submission	—	Wednesday, 14 December 2016

The proposal and paper(s) **must** be submitted electronically via MOODLE.

Class Attendance

Class attendance for lectures is mandatory. Random roll calls of 20 students during lecture classes will be conducted 6-8 times during the semester. Frequency of calls will be higher in the latter part of the semester. Students who miss class each time without a prior medical certificate will receive 1% penalty point in the final grade. Students who missed a class once will be called again in future roll calls.

COURSE SYLLABUS:

Reading List

Required readings are marked with an asterisk; others are optional.

I. Historical Perspective of Poverty and Growth

*Angus Deaton, *The Great Escape: Health, Wealth, and the Origins of Inequality*, Princeton University Press, 2013

- *YCR Wong PowerPoint I-1, *The Great Escape*
- *Course Book Summary, *The Great Escape*
- <http://www.lse.ac.uk/newsAndMedia/videoAndAudio/channels/publicLecturesAndEvents/player.aspx?id=2049>

*Martin Ravallion, "Awareness of Poverty over Three Centuries," <http://www.voxeu.org>, 14 Feb 2011

- *YCR Wong PowerPoint I-2, *Measuring the Distribution of the Standard of Living*

II. THEORY AND FACT

A. Explaining Economic Growth and Income Inequality

*Tyler Cowen and Alex Tabarrok, *Modern Principles of Economics*, 2nd edition, Worth Publishers, 2013, Chap. 24-26, pp, 461-541

- *YCR Wong PowerPoint II-1, *Modern Principles of Economics*

*Deidre McCloskey, "The Argument of *Bourgeois Dignity: Why Economics Can't Explain the Modern World*," 25 September 2009.

<http://www.deidremccloskey.com/weblog/2009/09/25/the-argument/>

- Deidre McCloskey, "Why Does 1% of History Have 99% of the Wealth?" <http://www.learnliberty.org/videos/why-does-1-of-history-have-99-of-the-wealth/>.
- *Deidre McCloskey, "What is the Great Enrichment?" <http://www.iea.org.uk/multimedia/video/deidre-mccloskey-on-the-great-enrichment>.

B. Trade and Growth in the World

- *YCR Wong and V Yuen PowerPoint III-1, *Poverty Among Poor Nations*

*Tim Harford, "Why Poor Countries are Poor" and "Beer, Chips and Globalisation", *The Undercover Economist*, Chapter 8, 9 Little Brown, 2006.

*Charles Wheelan, "Trade and Globalization: The Good News about Asian Sweatshops" and "Development Economics: The Wealth and Poverty of Nations," *Naked Economics*, Chapter 12, 13 Norton, 2010.

Jagdish Bhagwati, "In Defense of Globalization: It Has a Human Face," The 2005 Angelo Costa Lecture, Rome, Italy.

Dani Rodrik, "How Far Will International Economic Integration Go?" *Journal of Economic Perspectives*, Volume 14, Number 1, Winter 2000, pp. 177–186.

C. Changes in Poverty and Inequality in the World

- *YCR Wong PowerPoint II-2, *Changes in Poverty and Inequality in the World*

*Kenneth Rogoff, "Where is the Inequality Problem." <https://www.project-syndicate.org/commentary/kenneth-rogoff-says-that-thomas-piketty-is-right-about-rich-countries--but-wrong-about-the-world>, 8 May 2014

*Tyler Cowen, "Income Inequality is Not Rising Globally. It's Falling," *The New York Times*, 19 July 2014

*Xavier Sala-i-Martin and Maxim Pinkovskiy, "Parametric estimations of the world distribution of income," *Working Paper No. 15433*, National Bureau of Economic Research, October 2009. (Abbreviated version published in <http://www.voxeu.org/article/parametric-estimations-world-distribution-income>, 22 Jan 2010).

- Xavier Sala-i-Martin, "Growth and the World Distribution of Income," 2003, (PowerPoint Notes).
- Xavier Sala-i-Martin, "The World Distribution of Income," 2003, (PowerPoint Notes).
- Xavier Sala-i-Martin, (2011). Six common myths in the field of economic growth. <http://www.youtube.com/watch?v=i28cRfsKD-o>

*Cristoph Lakner and Branko Milanovic, "Global Income Distribution: From the Fall of the Berlin Wall to the Great Recession." *Policy Research Working Paper 6719*, World Bank, December 2013. (Abbreviated version published in <http://www.voxeu.org/article/global-income-distribution-1988>, 27 May 2014).

- Branko Milanovic, "Global Income Inequality: Current Trends, Issues of Justice and Politics." *LIS Summer Lecture*, Luxembourg, 1 July 2014. (PowerPoint Notes)
- *YCR Wong PowerPoint II-3, *Rise of China on US Employment*

III. POVERTY IN POOR COUNTRIES

A. Complexity of Micro-Interventions

*Abhijit V Banerjee and Esther Duflo, *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*, Public Affairs, 2011.

- *YCR Wong and V Yuen PowerPoint III-2, *Poor Economics*
- *Course Book Summary, *Poor Economics*
- Blog site: <http://pooreconomics.com/>

- <http://www.youtube.com/watch?v=cUYzqAFrY8Y>
- http://www.youtube.com/watch?v=yNdu_ iyVdAc

B. Migrants and Property Rights

*Hernando De Soto, *The Other Path: The Invisible Revolution in the Third World*, Harper & Row, 1989, chap. 1, 3, 5 and 6.

- *YCR Wong and V Yuen PowerPoint III-3, *The Other Path*
- http://www.dailymotion.com/video/xdwv0d_walk-the-talk-with-hernando-de-soto_news?ralg=meta2-only#from=embed-playreloff-7

C. Worst Cases

*Paul Collier, *The Bottom Billion: Why the Poorest Countries Are Failing and What Can Be Done About It*, Oxford University Press, 2007, chap. 1-5.

- *YCR Wong and V Yuen PowerPoint III-4, *The Bottom Billion*
- *Course Book Summary, *The Bottom Billion*
- http://www.ted.com/talks/paul_collier_shares_4_ways_to_help_the_bottom_billion.html

D. What Can Foreign Aid Do?

*William Easterly, "Introduction: Can't Take It Anymore?" in *Reinventing Foreign Aid*, MIT Press, 2008, chap. 1.

IV. POVERTY AND INEQUALITY IN RICH COUNTRIES

*YCR Wong, Notes on *Gary Becker's Human Capital Theory of the Personal Distribution of Income*, Woytinsky Lecture, 1967.

- *YCR Wong PowerPoint IV-1, *Human Capital Theory of the Personal Distribution of Income*
- *YCR Wong PowerPoint IV-2, *The Distribution of Individual and Household Income*

A. The American Experience

- *YCR Wong PowerPoint IV-3, *Understanding the American Experience with Poverty and Inequality*
- *Kevin Murphy, "Human Capital Investments Inequality, and Growth," Becker Friedman Institute, University of Chicago, UnCommon Core Alumni Weekend, 4-7 June 2015. https://www.youtube.com/watch?v=KevV_A6N-6o

*Raj Chetty, "Equality of Opportunity Project," "Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the U.S.," "Is the United States Still a Land of Opportunity? Recent Trends in Intergenerational Mobility," Harvard University, January 2014. <http://www.equality-of-opportunity.org/>

- Raj Chetty-, “The Determinants of Social Mobility: New Evidence and Policy Lessons,” Institute of Fiscal Studies Annual Lecture, 19 May 2014. https://www.youtube.com/watch?v=kEGS-yr_8HI&feature=youtu.be
- Raj Chetty, “Improving Equality of Opportunity in America: New Evidence and Policy Lessons,” Harvard University, 20 June 2014. (PowerPoint Notes)

W Bradford Wilcox, “Family Matters,” *Slate*, 22 January 2014.

http://www.slate.com/articles/double_x/doublex/2014/01/new_harvard_study_where_is_the_land_of_opportunity_finds_broken_families.html

Joe Rojas-Burke, “A birth lottery still determines who gets to live longest, healthiest life,” Association of Health Care Journalists, 7 May 2014.

<http://healthjournalism.org/blog/2014/05/a-birth-lottery-still-determines-who-gets-to-live-longest-healthiest-life/>

*Charles Murray, “Belmont & Fishtown,” *The New Criterion*, January 2012 (Adapted from *Coming Apart: The State of White America, 1960-2010*, Crown Forum, 2012)

*Eric Goldscheim, “These Two Neighbourhoods Exemplify the Growing Divide in White America,” Business Insider, 31 January 2012.

<http://www.businessinsider.com/growing-divide-in-white-america-2012-1?op=1>

B. The Hong Kong Experience

- *YCR Wong PowerPoint IV-4, *Understanding the Hong Kong Experience with Poverty and Inequality*

*YC Richard Wong, “The High Regulation Cost of Development What Thomas Piketty’s Famous Book Really Says,” *Hong Kong Economic Journal*, 18 June 2014.

<http://www.wangyujian.com/?p=4409&lang=en>

*YC Richard Wong, “Key to Inequality is Soaring Home Prices,” *South China Morning Post*, 6 August, 2014. <http://www.scmp.com/comment/insight-opinion/article/1566938/key-inequality-soaring-home-prices>

C. Future Challenges

- *YCR Wong PowerPoint IV-5, *Future Challenges*

*Lawrence Summers, “The Inequality Puzzle,” *Democracy Journal*, Issue #33, Summer 2014

*Lawrence Summers, “The Economic Challenge of the Future: Jobs,” *Wall Street Journal*, 7 July 2014. <http://larrysummers.com/2014/07/07/the-economic-challenge-of-the-future-jobs/>.

- *Lawrence Summers, “Which type of capitalism works best to build economic and social value?” *Conference on Inclusive Capitalism*, Mansion House and Guildhall, London, 27 May 2014. <https://www.youtube.com/watch?v=29bAmvfUxbE> or <http://insider.thomsonreuters.com/link.html?cn=uid48&cid=1244822&shareToken=Mzo2ZmQxZmVINy0xZWQ4LTQ5MzAtYjI5Mi0yYzFmMDM4YmViMjk%3D>

Study Load:

Activities	Number of hours
Lectures	24
Reading / Self-study	72
Tutorials	12
Preparation of Case/Data Analysis for Tutorials	12
Assessment: Written paper	30
Assessment: Final Examination	2
Total:	152

Course Learning Outcomes (CLOs) and Alignment with Common Core Programme Learning Outcomes (CC PLOs):

CLOs – On completing the course, students will be able to:		Alignment with CC PLOs
1.	Understand and critically interpret key economic concepts and ideas through applying them to quantitative data on growth and poverty across the world and over time.	1, 2
2.	Understand and critically interpret and reflect upon interacting economic and political dimensions of growth and poverty.	1, 2
3.	Understand and critically interpret and reflect upon the outcomes for growth and poverty comparing socialist versus capitalist economies and open versus closed economies through the study of cases and examples in history.	1, 2, 3
4.	Understand and critically interpret and reflect upon the relationship between issues of growth and poverty and its broader relationship with human development.	1, 2, 3, 4

Assessment Tasks:

Assessment Method	Details of Assignment	Weighting	Alignment with CLOs
Written paper	Expository essay	45%	1, 2, 3, 4
Class participation	Lecture and tutorial participation	5%	1, 2, 3, 4
Final Examination	2-hour written examination	50%	1, 2, 3, 4

Standards of Assessment:

Grade	Criteria and Standards
Course Level Grade Descriptors	

A+, A, A-	Show superior grasp of all aspects of the course and demonstrate strong evidence of original thinking and evidence of extensive knowledge base in the subject area.
B+, B, B-	Show reasonable grasp of the key aspects of the course and demonstrate good evidence of original thinking and evidence of reasonable knowledge base in the subject area.
C+, C, C-	Show acceptable coverage of most aspects of the course, and demonstrate some evidence of original thinking and evidence of acceptable knowledge base in the subject area.
D+, D	Show marginal coverage of some aspects of the course, and demonstrate marginal evidence of original thinking and evidence of marginal knowledge base in the subject area.
F	Failure to identify and address any main theme and issue. No critical engagement with any issue, little mentioning and application of relevant concepts and theories, and with inaccuracies when doing so. Demonstrates a lack of understanding of existing arguments relevant to the topic.

ACADEMIC CONDUCT:

1. The University Regulations on academic dishonesty will be strictly enforced! Please check the University Statement on plagiarism on the web: <http://www.hku.hk/plagiarism/>
2. Academic dishonesty is behavior in which a deliberately fraudulent misrepresentation is employed in an attempt to gain undeserved intellectual credit, either for oneself or for another. It includes, but is not necessarily limited to, the following type of case:
 - a. Plagiarism - The representation of someone else's ideas as if they are one's own. Where the arguments, data, designs, etc., of someone else are being used in a paper, report, oral presentation, or similar academic project, this fact must be made explicitly clear by citing the appropriate references. The references must fully indicate the extent to which any parts of the project are not one's own work. Paraphrasing of someone else's ideas is still using someone else's ideas, and must be acknowledged.
 - b. Unauthorized Collaboration on Out-of-Class Projects - The representation of work as solely one's own when in fact it is the result of a joint effort. Where a candidate for a degree or other award uses the work of another person or persons without due acknowledgement:
 - The relevant Board of Examiners may impose a penalty in relation to the seriousness of the offence;
 - The relevant Board of Examiners may report the candidate to the Senate, where there is *prima facie* evidence of an intention to deceive and where sanctions beyond those in (1) might be invoked.

- c. Double Submission of Assignments - The submission of assignments as fulfilment of work in this course using materials that were or are being submitted for another course is also plagiarism. It is self-plagiarism and is the same as plagiarism, i.e., representation of someone else's ideas as our own. That some else is oneself. It is an attempt to get credit for work that will earn credit elsewhere.

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