



Course Syllabus: Spring Quarter, 2008
Pathways Out of Rural Poverty, or...
Food Prices, Poverty and Economic Development

C. Peter Timmer
Visiting Professor
Program on Food Security and Environment
Stanford University

This course will review the determinants of rural poverty and examine the historical pathways that have led the rural poor out of poverty. A policy perspective will be taken on all three levels of analytical interest: the macro level where overall economic growth and the structural transformation provide the framework for analysis; at the sectoral level, where the role of agriculture in poverty reduction is the focus; and at the household level, where individual characteristics and asset holdings, including human capital, inform our understanding of who is successful in exiting poverty in a sustainable fashion.

Analysis of the impact of globalization and recent events in world food markets on these pathways out of poverty integrates the course. The course begins by addressing the evolution of thinking on “how countries get rich,” with special attention devoted to the impact of food prices on both economic growth and poverty reduction. After sectoral and household issues are discussed, the focus returns to the impact of globalization on agriculture and the structural transformation in developing countries.

A major source of information will be the *World Development Report 2008: Agriculture for Development*. Note that all of the figures and tables in the WDR2008, with underlying data, are now available in Excel at the WDR website:

[<http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTRESEARCH/EXTWDRS/EXTWDR2008/0,,contentMDK:21633277~isCURL:Y~pagePK:64167689~piPK:64167673~theSitePK:2795143,00.html>]

It will be assumed that all students are familiar with the level of analysis in Timmer, Falcon and Pearson, *Food Policy Analysis*, Johns Hopkins Press for the World Bank, 1983. Available, in English, at the website:

<http://www.stanford.edu/group/cesp/faculty/falcon/books/foodpolicy/fronttoc.fm.html>

The course will meet for lectures on Tuesday and Thursday from 9am to 10:50pm, with additional discussion meetings scheduled on alternative Wednesdays by the head teaching assistant, Kaitlin Shilling, and also by Andy Melaragno. On average, about 30 minutes of each class session will be devoted to discussion of the day’s lecture topic.

Requirements for the course include regular attendance at the lectures and active participation in discussions. There will be a 90-minute in-class mid-term exam on Thursday, May 8. Students will have a choice of writing an individual research paper, or participating in a research or policy analysis project as a member of a team with up to three members. Topics for these papers and projects need to be discussed and approved by the course instructor and will be due on Thursday, June 5.

All of the readings are available electronically, either as “hot-links” directly from the electronic version of the reading list, or from the course website. A list of other useful websites related to rural poverty will also be on the course website.

Lecture Outline

- April 1, Tu: A. *Introduction and overview of the course*
- Why food prices matter to economic growth and poverty reduction
- April 3, Th: B. *Models of economic growth*
- Adam Smith and division of labor depends on extent of market
Joseph Schumpeter and “creative destruction”
Paul Rosenstein-Rodan and “big push” industrialization
Alexander Gerschenkron and the advantages of backwardness
Arthur Lewis and the role of agriculture in capital accumulation
T. W. Shultz and Paul Romer: Human capital and knowledge
Growth in total factor productivity as the only sustainable pathway
out of poverty: what role for agriculture?
- April 8, Tu:
April 10, Th
April 15, Tu
- April 17, Th: C. *Defining, measuring and modeling poverty*
- (1) Poverty definitions and poverty maps (absolute versus relative poverty); and
(2) Global and regional trends in poverty (is Africa different?)
(3) The rural-urban poverty transition; and
(4) Household determinants of poverty (and intra-household decision making)
- April 22, Tu:
April 24, Th:
- (5) A simple model of poverty and hunger: identifying the key variables
- April 29, Tu: D. *The sectoral dynamics of poverty reduction*
- (1) sectoral contributions to poverty reduction (connecting the poor: models of pathways out of poverty for households)
(2) role of agriculture in economic growth (do fertilizer subsidies work?)
(3) role of agriculture in poverty reduction directly
- May 1, Th:
May 6, Tu:
- May 8, Th: E. *In-class mid-term exam (90 minutes)*
- May 13, Tu: F. *The structural transformation as the long-run pathway out of poverty*
- (1) history and models
(2) empirics
(3) policy issues and the agricultural terms of trade
- May 15, Th:
May 20, Tu:
- May 22, Th: G. *Globalization and poverty*

May 27, Tu: (1) global value chains as the mechanism of interaction
(2) economic growth versus the distribution of income

May 29, Th: *H. Poverty and the Millennium Development Goals: Problems and prospects*

June 3, Tu: *Wrap-up and questions*

Reading List

Section A:

“Overview,” *World Development Report 2008: Agriculture for Development*.
Download at: http://siteresources.worldbank.org/INTWDR2008/Resources/2795087-1192112387976/WDR08_02_ch01.pdf

Section B (with apologies, these are all things I have authored or co-authored)

"Agriculture and Economic Development." In Bruce Gardner and Gordon Rausser, eds., *The Handbook of Agricultural Economics, Vol. 2A*. (Amsterdam: North-Holland, 2002). pp. 1487-1546.

“The Road to Pro-Poor Growth: The Indonesian Experience in Regional Perspective.” *Bulletin of Indonesian Economic Studies*. vol. 40, no. 2, (August, 2004), pp. 177-207.

“Managing Food Price Instability in Asia: A Macro Food Security Perspective” (with David Dawe), *Asian Economic Journal*. vol. 21, no. 1, (March, 2007), pp.1-18.

“Connecting the Poor to Economic Growth: Eight Key Questions” (with Sarah Lucas). *CGD Brief*, Center for Global Development, Washington DC. April, 2005, pp. 1-8.

“How Countries Get Rich.” *CGD Brief*, Center for Global Development, Washington DC. February, 2006, pp. 1-8.

Section C:

A. U. Ahmed, et al., *The World’s Most Deprived: Characteristics and Causes of Extreme Hunger and Poverty*, 2020 Discussion Paper 43 (October 2007), International Food Policy Research Institute (IFPRI), Washington, DC. [Available at the IFPRI website]

IFPRI 2020 Focus Briefs on the World’s Poor and Hungry People. “The World’s Poorest and Hungry: Who, Where and Why?” (7 policy briefs, available at the IFPRI website)

Chris Ebers, Peter Lanjouw, and Phillippe George Leite, “Brazil within Brazil: Testing the Poverty Map Methodology in Minas Gerais” [Policy Research Working Paper 4513](#), (February 2008). [Download Working Paper \(43 pages\)](#)

M. Ravallion, S. Chen and P. Sangraula, “New Evidence on the Urbanization of Poverty,” (2007) Background paper for the WDR2008 [link].

"The Macro Dimensions of Food Security: Economic Growth, Equitable Distribution, and Food Price Stability." *Food Policy*, vol. 25, no. 4 (August 2000), pp. 283-295.

Section D:

Neil McCulloch, Julian Weisbrod, and C. Peter Timmer, [Pathways Out of Poverty During an Economic Crisis: An Empirical Assessment of Rural Indonesia - Working Paper 115](#), 2007, Center for Global Development, Washington, DC.

Chapters 1-3, *World Development Report 2008: Agriculture for Development*. The World Bank, Washington, DC. Download from WDR2008 website

Loayza and Raddatz, "The Composition of Growth Matters for Poverty Alleviation," World Bank Discussion Paper, December 2007. [link]

A. Quisumbing and J. Maluccio, "Intrahousehold Allocation and Gender Relations: New Empirical Evidence," World Bank, Policy Research Report on Gender and Development, Working Paper Series No. 2 (1999). At: <http://siteresources.worldbank.org/INTGENDER/Resources/wp2.pdf>

Section E: In-Class Exam

Classnotes, plus Chapters 4-11, *World Development Report 2008: Agriculture for Development*. The World Bank, Washington, DC. Download from WDR2008 website

Section F:

A World without Agriculture: The Structural Transformation in Historical Perspective, Henry Wendt Memorial Lecture, American Enterprise Institute, 2008. [link]

PowerPoint presentation by Will Masters on agricultural trade policy reform [link]

Section G:

International Monetary Fund. "Globalization and Inequality," Chapter 4 in *World Economic Outlook*, October 2007. At <http://www.imf.org/external/pubs/ft/weo/2007/02/pdf/text.pdf>

K. Olayiwola, A. Soyibo, and T. Atinmo, "Impact of globalization on food consumption, health, and nutrition in Nigeria," *Globalization of food systems in developing countries: impact on food security and nutrition*. FAO Food and Nutrition Paper No. 83 (2003) At: <ftp://ftp.fao.org/docrep/fao/007/y5736e/y5736e01.pdf>

Section H:

Latest UN update on MDGs, at millenniumindicators.un.org/[unsd](http://unsd.org)/mi/mi_goals.asp

Michael A. Clemens, Charles J. Kenny and Todd J. Moss, [The Trouble with the MDGs: Confronting Expectations of Aid and Development Success - Working Paper 40](#), 2004, Center for Global Development, Washington, DC.