

Syllabus Poverty and Inequality – Heidelberg University

Winter Term 2025

Name of the Module: Poverty and Inequality

Study programme: M.Sc. Development Economics

Type of Module: Elective Module

Number of ECTS/CP // Workload: 7 ECTS // 210 hours total workload

- Contact hours: 45 hours (equivalent to 4 SWS)
- Independent study: 165 hours (reading, assignments, seminar paper, preparation of presentation)

Contact hours // Cycle: 4 SWS // Winter term

Type of course: Lecture with applied computer lab and policy simulation components

- **Courses**
Poverty and Inequality (Block course: 6 × 4SWS afternoon sessions + 4 × full-day sessions, i.e., 14 sessions total)

Curriculum

The course will introduce students to the main concepts of poverty and inequality measurement, as well as the critical links between poverty, inequality, and economic growth. Students will get an overview of theories of justice, methodological aspects of poverty & inequality measurement, gender inequalities, economic mobility, inequality, and poverty in rich countries as well as development policy targeting poverty. The course will focus largely on low- and middle-income countries. The course will be structured as follows:

1. Introduction
2. Long Run Determinants of Growth
3. Poverty measurements recap
4. Poverty measurements Stata lab
5. Inequality-growth causality
6. Pro-poor growth
7. Food Poverty & Food Systems Inequality
8. Food Policy Lab
9. Poverty/inequality in HICs
10. Economic mobility
11. Targeting Poverty: A Policy Simulation
12. Inequality measurement
13. Inequality and gender
14. Microfinance
15. Cash transfers
16. Behavioral economics of poverty
17. Designing a lab/field experiment
18. Presentation of Seminar papers

Learning objectives

The students will become acquainted with topics related to poverty alleviation and inequality measurements. They will also learn how to synthesize, interpret regression tables, critically review, and discuss peer-reviewed papers in the field. In addition, students will improve their presentation skills and will learn how to handle feedback and questions from their peers in class.

Assessment

- Seminar presentation (15 minutes): 30% of final grade
- Seminar paper (approx. 4,000–5,000 words): 70% of final grade

Module coordinator: Dr. Viviana Urueña, Dr. Johanna Gather. Office hours, **online:** on request via email.

Course language: English

Prerequisites: A background in development economics and Stata is helpful.

Lecture and tutorial dates

Date	Session	Topic	Instructor
16.10	1.1	Introduction	JG
16.10	1.2	Long-run growth determinants	
23.10	2.1	Poverty measurements recap	
23.10	2.2	Poverty measurement Stata lab	
30.10	3.1	Inequality-growth causality	
30.10	3.2	Pro-poor growth	
06.11	4.1	Food Poverty & Food Systems Inequality	
06.11	4.2	Food Policy Lab	
13.11	5.1	Poverty/inequality in HICs	
13.11	5.2	Economic mobility	
20.11	6.1. & 6.2	Targeting Poverty: A Policy Simulation	
28.11	7.1	Poverty alleviation: Cash transfers (Theory + Case Studies)	VU
28.11	7.2		
28.11	8.1	Poverty alleviation: Microfinance (Theory + Case Studies)	
28.11	8.2		
29.11	9.1	Behavioral economics of poverty (Theory + practical exercise/designing a lab/field experiment + group presentations)	
29.11	9.2		
29.11	10.1		
29.11	10.2		
05.12	11.1	Inequality intro, measurement recap + Stata lab	
05.12	11.2	Climate inequality	
05.12	12.1	Inequality and gender I (Theory + Case Studies)	
05.12	12.2		
06.12	13	Student presentations I (morning, 6 topic presentations)	All
06.12	14	Student presentations II (afternoon, 6 topic presentations)	All

Presentation/Seminar paper topics

	Topic	Hypothesis
1	Growth vs Redistribution <i>Is economic growth the most effective way to reduce poverty?</i>	Growth raises incomes broadly and is a necessary condition for poverty reduction (pro-growth, pro-trickle down).
		Growth alone is not enough; targeted redistribution and structural reform are essential for inclusive development.
2	Poverty Lines vs Multidimensional Poverty <i>Should poverty measurement focus on income-based metrics or multidimensional indicators?</i>	Income/consumption-based measures (e.g. \$1.90/day) remain the most objective, comparable, and actionable
		Multidimensional indicators (e.g., health, education, assets) better capture deprivation and inform policy.
3	Inequality: Threat or Necessity? <i>Is economic inequality always a problem for development?</i>	Yes. Inequality undermines social cohesion, reduces mobility, and hampers growth.
		No. Some inequality is necessary to reward effort, drive innovation, and fund public goods.
4	Urban agriculture as a solution to food poverty <i>Should cities invest in urban agriculture to address food poverty?</i>	Urban gardens increase access, empower communities, and provide a sustainable improvement in nutrition.
		Measures like urban gardens are symbolic and insufficient; structural food system reform or subsidies are more effective.
5	Universal vs Targeted Social Policy in High-Income Countries <i>Should anti-poverty programs in high-income countries be universal or targeted?</i>	Universalism promotes solidarity and avoids stigma; means-testing is costly and divisive.
		Targeting ensures resources go where they're needed; universalism wastes resources on the non-poor.
6	Mobility vs Equality of Outcome <i>Should policy focus more on improving mobility or reducing inequality?</i>	Focus on mobility and allow people to rise through their effort; dynamic inequality is acceptable.
		Focus on outcomes: mobility is limited without equal opportunities; high inequality traps people.
7	Conditional vs. Unconditional Cash Transfers <i>Which type of cash transfer is more likely to improve education, health, and livelihood outcomes of low-income households?</i>	Unconditional cash transfers (UCTs) empower recipients by giving them full autonomy and reducing administrative burden, leading to better well-being outcomes.
		Conditional cash transfers (CCTs) ensure that recipients engage in socially desirable behaviors (e.g., sending kids to school or attending health checkups), thus having stronger long-term impacts.

8	Cash transfers <i>Do cash transfers increase or decrease labor force participation and work motivation among working-age beneficiaries in low-income settings?</i>	Cash transfers reduce dependency and improve labor force participation by providing financial stability.
		Cash transfers create dependency and reduce motivation to work, particularly if poorly targeted.
9	Micro finance <i>Does microfinance have sustainable effects on economic outcomes, or do potential financial risks outweigh the benefits over time?</i>	Microfinance promotes entrepreneurship, financial inclusion, and women's empowerment by increasing access to capital.
		Microfinance leads to over-indebtedness and stress, with limited impact on sustained income or empowerment.
10	Gender inequality <i>Do gender quotas in leadership positions lead to meaningful changes in attitudes toward gender equality and women's agency?</i>	Gender quotas in leadership promote equality and shift societal attitudes, as well as women empowerment
		Gender quotas can lead to resistance, without genuine changes in power dynamics or in women empowerment
11	Gender inequality <i>Does targeting cash transfers to women increase their intra-household bargaining power and reduce gender inequality — or does it risk increasing household conflict or gender-based violence?</i>	Targeting cash transfers to women increases their bargaining power and reduces gender inequality within households.
		Giving cash to women may provoke backlash or increase gender-based violence if not accompanied by broader social norm change.
12	Behavioural <i>Do behavioural interventions (such as nudges, goal-setting, or social norm messages) lead to long-term behaviour change, or do their effects diminish after the intervention ends?</i>	Behavioral interventions have long-lasting impacts by helping people form habits and make better decisions over time.
		Behavioral interventions only produce short-term effects that fade once the nudge or incentive is removed.

Reading list

1. Introduction

Sen, A., (1988). “The Concept of Development”, in: *Handbook of Development Economics*, Volume 1, H. Chenery and T. N. Srinivasan (eds).

2. Long run determinants of growth

Acemoglu, D., Johnson, S. and Robinson, J., (2001). “The Colonial Origins of Comparative Development: An Empirical Investigation”, in: *American Economic Review*, Volume 91, No. 5, 1369-1401

3. Concepts and Measurement of Poverty I

Chen, S. and Ravallion, M., (2010). “The Developing World is Poorer than We Thought, But No Less Successful in the Fight Against Poverty”, in: *Quarterly Journal of Economics*, Volume 125, No. 4, 1577-1625.

Alkire, S. and Foster, J., (2011). “Counting and multidimensional poverty measurement”, in: *Journal of public economics*, Volume 95, No. 7, 476-487.

4. Does Inequality Cause Growth?

Persson, T. and Tabellini, G. (1994). “Is Inequality Harmful for Growth?”, in: *The American Economic Review*, Volume 84, No. 3, 600-621.

5. Pro-Poor Growth

Kraay, A., 2006. When is growth pro-poor? Evidence from a panel of countries. *Journal of development economics*, 80(1), 198-227.

6. Food Poverty & Food Systems Inequality

Burgaz, C., Gorasso, V., Achten, W.M.J. et al. The effectiveness of food system policies to improve nutrition, nutrition-related inequalities and environmental sustainability: a scoping review. *Food Sec.* **15**, 1313–1344 (2023). <https://doi.org/10.1007/s12571-023-01385-1>

7. Poverty and Inequality in High Income Countries

Dreher, A. and Gaston, N., 2008. Has globalization increased inequality? *Review of International Economics*, 16(3), pp.516-536.

8. Economic Mobility

Katz, L.F., Kling, J.R. and Liebman, J.B., 2001. Moving to opportunity in Boston: Early results of a randomized mobility experiment. *The Quarterly Journal*.

9. Poverty Alleviation: (Micro-)Finance

Karlan, D. and Zinman, J., (2011). “Microcredit in Theory and Practice: Using Randomized Credit Scoring for Impact Evaluation”, in: *Science*, Volume 332, 1278-1284.

10. Poverty Alleviation: Cash transfers

Schultz, T. P. (2004). School subsidies for the poor: evaluating the Mexican Progresa poverty program. *Journal of development Economics*, 74(1), 199-250.

11. The Behavioral Economics of Poverty

- World Bank, 2015. World Development Report 2015: Mind, Society, and Behavior, 1-20.
(Read only the Overview “Human decision making and development policy”)
- Haushofer, J. & Fehr, E. (2014). On the Psychology of Poverty. *Science*, 344 (6186), 862-67.

12. Concepts and measurements of inequality

Haughton and Khandker (2009) – Chapter 6: Inequality Measures, in *Handbook on Poverty and Inequality*, Washington, DC: The World Bank

13. Gender Inequality

Sen, A. (1990) More than 100 million women are missing, *The New York review of Books*, 20 Dec. 1990

14. Climate inequality