



MASTER
“Sustainable Development and Global Governance”
Universidad Carlos III de Madrid

Course

HUNGER, POVERTY, INEQUALITY AND GLOBAL CHALLENGES

Fall 2022

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ECTS Credits: 3

This course has two main goals: (i) presenting the theoretical properties and practical advantages and shortcomings of the main indicators used for monitoring SDGs and (ii) analysing the main hypotheses on the causes of the recent evolution of hunger, poverty and inequality at a global level through the analysis of the more relevant and recent literature.

The course is structured in 7 sessions. Session 1 will provide a general presentation of the course and an introduction to the most common definitions of poverty. Session 7 will be held close to the period of final evaluation and will focus on a revision of the main concepts, on a discussion of the solutions of problems sets and on a preparation for the final exam.

Each of the sessions 2 to 6 will be organized in three blocks: in the first block (30 minutes) students will participate in a debate around a topic introduced in the previous session and prespecified in this syllabus. In the second block (80 minutes) the session will have a classic lecture format expanding and formalizing the concepts introduced and discussed during the debate. The third block (20 minutes) will provide a preliminary analysis of the main concepts necessary for the preparation of the debate of the next session.

Students must organize themselves in teams of 4 to 5 that will be stable along the course. At the beginning of each debate (sessions 2 to 6), each team must deliver a written summary of the argument they will put forward during the debate (maximum 800 words).

Each debate session and each lecture have a recommended reading list; all the chapters/articles of the debate and some of the readings of the lectures are regarded as compulsory.

Throughout the course some problem sets will be uploaded to Aula Global and the solutions will be discussed in specific classes. The timely solution of these problems sets is not compulsory, but it is strongly recommended.

The final grade will be composed by 60 % of the result in the final exam, and 40% will come from students' participation in class debates.

General introductory references:

- Ray, Debraj (1998): *Development Economics*, Princeton University Press.
- Sen, Amartya (1981). *Poverty and famines. An essay on entitlement and deprivation*. Clarendon Press.
- Sachs, J. (2015). *The age of sustainable development*. Columbia University Press.

- Banerjee, A. and Duflo, E. (2011). *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*. PublicAffairs.

ORGANIZATION OF THE LESSONS.

Lecture of Session 1

Course presentation. Sustainable development goals and targets. Normative choices and Social Welfare Functions. Poverty and the Incidence of Poverty. Poverty definitions: absolute poverty and relative poverty. Poverty lines and the problem of identification. Inequality measures: the Lorenz Curve and the Gini coefficient.

REFERENCES

Compulsory

Sen, Amartya (1981). *Poverty and famines. An essay on entitlement and deprivation*. Clarendon Press. Chapter 2. 9-23

World Bank (2018). *Piecing together the Poverty Puzzle*. Chapter 1: “Ending Extreme Poverty: Progress, but Uneven and Slowing”. World Bank. 19-48.

Optional

Ray, Debraj (1998): *Development Economics*, Princeton University Press. Chapter 8.

Sala-i-Martin, Xavier (2002): “The disturbing “rise” of global income inequality”, NBER Working paper, 8904.

Ravallion, Datt y de Walle (1991): “Quantifying Absolute Poverty in the Developing World”, *Review of Income and Wealth*, 37, 4, 345-61.

Preparation for debate of Session 2.

Debate topic: Define policy priorities to reach the SDG1 (mainly Targets 1.1 and 1.2) according to the evidence available in World Bank (2018).

REFERENCES

Sen, Amartya (1981). *Poverty and famines. An essay on entitlement and deprivation*. Clarendon Press. Chapter 2. Pages 9-23

World Bank (2018). *Piecing together the Poverty Puzzle*. Chapter 1: “Ending Extreme Poverty: Progress, but Uneven and Slowing”. World Bank. Pages 19-48.

Lecture of Session 2

First part: Poverty: the problem of aggregation. The Headcount Ratio and the Poverty Gap. The Foster, Greer and Thorbecke indexes. Decomposability. Poverty comparisons and stochastic dominance. Evolution of global poverty in the recent past. The World Bank approach and the original 1 U\$ per day line.

REFERENCES

Compulsory

Ravallion, (1992): “Poverty Comparisons. A guide of concepts and methods”, Living Standards Measurement Study Working Paper, World Bank. Pages 1-66.

Optional

Ray, Debraj (1998): *Development Economics*, Princeton University Press. Chapter 8.

World Bank (2016). *Taking on inequality*. Chapters 1-3.

Ferreira et al. (2016). A global count of the extreme poor in 2012: data issues, methodology and initial results. *Journal of Economic Inequality* 14:141–172.

Second part: Introduction to Inequality measures. Lorenz criteria and Gini coefficient. Inequality of what? Outcomes versus opportunities.

Preparation for debate of Session 3.

Debate topic: SFDs' targets 10.1 and 10.3 are related with inequality of outcome and inequality of opportunities. If you need to prioritize only one of them, make your choice and explain why.

REFERENCES:

Paes de Barro et al. (2009). *Measuring Inequality of Opportunities in Latin America and the Caribbean*. Palgrave. Chapter 1: Inequality of Opportunity: What It Is, How It Can Be Measured, and Why It Matters. Pages 23-55.

Lecture of Session 3

First Part: Inequality measures. The problem of decomposability. International inequality and global inequality. General Entropy Indexes: the MLD and the Theil Index. Evolution of global inequality in the recent past. Inequality of opportunities.

Second Part: introduction to the interaction between economic growth, changes in inequality and poverty reduction. The concepts of "Pro-poor growth" and "Shared prosperity".

REFERENCES

Compulsory

Lakner and Milanovic (2015). Global Income Distribution: From the Fall of the Berlin Wall to the Great Recession. *The World Bank Economic Review* 30, 203–232.

World Bank Institute (2014). *Introduction to Poverty Analysis*. World Bank, Washington, Chapter 6: Inequality measures. Pages 60-65.

Optional

Ray, Debraj (1998): *Development Economics*, Princeton University Press. Chapter 6.

Cowell, Frank A. (2000): *Measuring Inequality*, LSE Economic Series. (selected parts).

World Bank (2016). *Taking on inequality*. Chapters 1 and 4.

Sala-i-Martin, Xavier (2002): "The disturbing "rise" of global income inequality", NBER Working paper, 8904.

Sen, Amartya (1997): *On economic inequality*. Clarendon, Oxford. (selected parts).

Preparation for debate of Session 4.

Debate topic: Use the available evidence in World Bank (2018) and Lakner and Milanovic (2015) to answer the question: Is growth all we need (for SDG 1)?

REFERENCES

World Bank (2018). *Piecing together the Poverty Puzzle*. Chapter 1: "Ending Extreme Poverty: Progress, but Uneven and Slowing". World Bank. Pages 19-48.

Lakner and Milanovic (2015) Global Income Distribution: From the Fall of the BerlinWall to the Great Recession. *The World Bank Economic Review* 30, Pages 203–232.

Lecture of Session 4

First Part: The dynamics of poverty and inequality. Distribution-neutral growth and pro-poor growth. Shared prosperity. Poverty traps. The Kuznets' curve.

Second Part: introduction to direct measures of poverty. Health, mortality and income.

REFERENCES

Compulsory

Deininger and Squire (1998), "New ways of looking at old issues: inequality and growth". *Journal of Development Economics* 57, 259-287.

Optional

Ravallion, Martin (2004). "Pro-Poor Growth: A Primer". World Bank Working Paper.

Barro, R. (2008). "Inequality and growth revisited". Working papers series on regional economic integration Nro. 11. Asian Development Bank.

Marrero and Rodríguez (2013). Inequality of opportunity and growth. *Journal of Development Economics* 104, 107-122.

Preparation for debate of Session 5.

Debate topic: Are the targets related with hunger (SDG 2, Targets 2.1 and 2.2) redundant given that there are already targets 1.1 and 1.2 related with poverty?

REFERENCES:

Deaton A. (2006). Global patterns of income and health: facts, interpretations and policies. NBER Working Paper 12735. Pages 1-40.

FAO, IFAD, UNICEF, WFP and WHO. (2022). *The State of Food Security and Nutrition in the World 2022*. Rome, FAO.

Lecture of Session 5

First Part: Income, consumption and the biological standards of living. Direct measures of poverty: housing and education. Hunger, undernourishment, stunting and mortality.

Relationship between income, consumption and biological measures. Multidimensional poverty.

Second Part: Climate change and food production, food availability and food security.

REFERENCES

Compulsory

von Grebmer, et al (2022) 2022 Global Hunger Index: Food Systems Transformation and Local Governance. Bonn: Welthungerhilfe

Alkire-Santos (2014). Measuring Acute Poverty in the Developing World: Robustness and Scope of the Multidimensional Poverty Index. *World Development* Vol. 59, pp. 251–274.

Preston, S. H. (1975). The Changing Relation between Mortality and Level of Economic Development. *Population Studies* 29, 231-248.

Preparation for debate of Session 6.

Debate topic: Is climate change a problem for the long-term trend of food availability or food security? Why could this nuance be important?

REFERENCES

Wheeler and von Braun (2013) Climate Change Impacts on Global Food Security. *Science* 341, 508-513.

Heltberg (2009). Malnutrition, poverty, and economic growth. *Health Economics*. 18: S77–S88.

Lecture of Session 6

Lecture topics: Food security, uncertainty, and famines. Food availability, access, utilization, and stability. Climate change and food production. Economic growth and pollution: the environmental Kuznets' curve.

REFERENCES

Compulsory

Smith (2017). Who are the World's Food Insecure? New Evidence from the Food and Agriculture Organization's Food Insecurity Experience Scale

Wheeler and von Braun (2013) Climate Change Impacts on Global Food Security. *Science* 341, 508-513.

Heltberg (2009). Malnutrition, poverty, and economic growth. *Health Economics*. 18: S77–S88.

Optional

Hertel, T. and Rosch, S. (2010). Climate Change, Agriculture, and Poverty. *Applied Economic Perspectives and Policy* 32. 355 – 385.

Hallegtte, S. and Rozenberg, J. (2017). Climate change through a poverty lens. *Nature Climate Change* 7, 250-256.