

**POVERTY, INEQUALITY, AND PUBLIC POLICY (PP190)  
FALL 2009**

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Class meeting times: M/W 8:30-10am, GSPP room 105  
Office hours: Tuesday 9-11am, GSPP room 347

**Course Description**

This course will examine the nature and extent of poverty in the U.S., its causes and consequences, and the antipoverty effects of existing and proposed government programs and policies. The types of questions to be addressed include the following:

What is poverty? Why is poverty so persistent? Why are poverty rates for minorities so high? Is there a culture of poverty? What are the interrelationships among poverty, family structure, inner city neighborhoods, crime, labor market conditions and public policies? Is poverty passed on from generation to generation? What are the effects of neighborhood, housing, education, labor market and welfare policies on poor adults and children? How might these policies be better designed to improve the economic prospects of poor adults and children?

The first ten weeks of this course (Topics 1-6) focus on social science theory and evidence about the causes, consequences and costs of poverty. The last four weeks of the course (Topics 7-9) examine child poverty policies, employment policies, and setting an overall agenda for poverty policy.

In this course, we will examine poverty measurement and trends; consequences of poverty; socioeconomic explanations for poverty in the US; and federal, state, and local government policy and program responses to poverty.

We will subdivide the discussion of social welfare policy into three major branches: health, education and welfare (income security policy)—noting overlaps across them. This course is composed of a series of lectures and class discussions about the various elements of social policy that can be addressed with some degree of analytic objectivity. The types of social problems we will address include poverty and income maintenance, welfare reform, health care policy, education policy, income distribution and urban problems.

**Course Outline**

1. Poverty Trends
2. US Poverty Measurement
3. Causes of Poverty
4. Consequences of Poverty
  - a. Childhood poverty
  - b. Health and nutrition
5. Anti-Poverty Policies
  - a. Early childhood interventions (Head Start; WIC)
  - b. Welfare Reform and Work Policies
6. Education/Human Capital Policies
7. Communities
  - a. Schools
  - b. Neighborhoods
  - c. Housing

Special topics: crime; education; health

We will examine trends over time in the poverty rate, inequality of the earnings distribution, family living arrangements, education, crime, welfare reciprocity, and health.

The course will address three major areas.

### 1. MEASUREMENT AND FACTS

- How are poverty and inequality measured, and do these different measures accurately reflect how the condition affects well-being?
- What are the differences in poverty across different subpopulations?
- How has poverty changed over time - both in terms of aggregate patterns and changes in the distribution of poverty across the population?

### 2. THEORETICAL EXPLANATIONS

- The labor market:  
How do the spatial distribution of the location of jobs, the occupational mix of employment opportunity, and skill requirements affect poverty? What role have changes in these factors played in aggregate poverty trends?
- The childhood family:  
What is the importance of intergenerational transmission of economic disadvantage? How important for poverty determination are demographic decisions such as age of marriage and fertility?
- The childhood community:  
Do school resources matter? What role do networks, culture, and social capital play in adult socioeconomic attainments?

### 3. GOVERNMENT EFFORTS TO REDUCE POVERTY

- Review of major anti-poverty initiatives and their effects.

In the final section of the course, basic economic principles and evidence from experience with existing government programs will be used to analyze the likely impacts of several policy reform proposals.

## **COURSE TOPICAL OUTLINE**

### **INTRO. Big-picture Thinking About Poverty Policy**

### **TOPIC 1. The Measurement of Poverty, Poverty Dynamics, Trends in Poverty**

#### Part I.

- Trends in Economic Growth, Economic Inequality, and Poverty
- Assessing the Benefits & Costs of Economic Inequality.

#### Part II.

- Short-Run Poverty vs. Long-Run Poverty, and Intergenerational Inequality

### **TOPIC 2. Poverty & Culture: What Causes What?**

- Poverty Theories

### **TOPIC 3. The Consequences of Growing Up Poor**

- Race, Economic Inequality and Children's Life Chances

### **TOPIC 4. Trends In Family Composition and Effects of Family Structure on Children**

### **TOPIC 5. Education & Training Policies – Pre-school, k-12, college, and training programs**

- Policies to Increase Human Capital

#### Part I. Overviews of Human Capital Strategies

#### Part II. The Racial Gap in Achievement

#### Part III. College and Low Income Students

#### Part IV. Improving Schools

- Could redistributing school resources equalize outcomes?
  - School expenditures & Class Size
  - The search for more effective teachers
  - School Choice, Competition, and accountability
  - Effects on Adult Earnings

#### Part V. Pre-School Education - Who would gain most from universal free early childhood education?

#### Part VI. Training Programs

### **TOPIC 6. Welfare Policy**

#### Part I. Anti-Poverty Policy Prior to the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA)

#### Part II. After Welfare Reform: Policy and Research Issues - Post PRWORA Overviews

### **TOPIC 7. Discrimination (Race, Gender, and Labor Markets)**

### **TOPIC 8. Urban Social Policy: Neighborhoods, Housing, Jobs, and Crime.**

#### Part I. Criminal Justice Policy: The Prison Boom

- Are there subgroups of working-age men and women who are disconnected from the world of work? Who are these individuals? What roles do work barriers (health problems, domestic violence, criminal records, lack of skills and, lack of networks) play in reinforcing disconnection from work?
- Is there a Culture of Poverty in the US? Has Work Disappeared from the Inner City? Who is Working in the Inner-City? What is the Underground Economy?

Part II. Causes & Consequences of Residential Segregation - Social Isolation and the Underclass Debate

**TOPIC 9. Designing a Post-2008 Antipoverty Agenda**

Part I. Policies to Combat Child Poverty

Part II. Policies to Increase Employment, Earnings, and Well-being of Less-skilled workers and their families

What kind of policies might increase low skilled workers' abilities to get and keep jobs, and make work more rewarding? How best might we reconnect disadvantaged young men to the labor market? Do health insurance programs, the EITC, the Minimum Wage, employer-based and/or employee based wage subsidies, public employment programs, affirmative action, and financial incentive programs work?

Part III. Health and the US Health Care System

**Readings**

The required textbook for this class is *Understanding Poverty*, Harvard University Press/Russell Sage Foundation (2001), edited by Sheldon Danziger and Robert Haveman. The textbook is available at the campus bookstore. There is also a reader for this course. The reader will be available at Copy Central, 2483 Hearst Avenue, Berkeley. The reader is a collection of scholarly articles and policy briefs that we will be reading throughout the semester (see reading list below).

### **Course Requirements / Grading**

Short Papers 40%

Final exam 20%

Presentations & Debates (team grade) 20%

Class Participation 20%

**Requirements:** Students are expected to read assigned materials, complete short written papers on topics, participate in and lead class discussions, participate in a small group presentation, and successfully complete a final exam.

### **Short Paper Requirements**

Students are required to write four short papers (2-3 typed single-spaced pages) among the set of nine topic areas. Each paper should cover 1-2 week's required readings. Papers are due on the days readings are required. No late papers will be accepted. Many topic areas cover several issues, and students are asked to write on one issue. For example, Topic 1 includes readings on 1) the measure of poverty, 2) trends in economic growth, economic inequality and poverty, and 3) long term vs. short term poverty and intergenerational inequality. If you wish to write on more than one issue—i.e., if you wish to do two separate papers on one topic's set of readings, this is permissible. The second paper can count toward your total of four papers. The second paper can be turned in one week later than the first paper. One of the four short papers must be devoted to Topic 5 (Education policies).

What should these short papers cover? At the beginning of each topic, I will distribute a list of discussion questions. You can write on one of these questions, or you may choose your own topic. However, papers must be informed by the readings.

### **Joint Class Presentation Requirement**

Students are also required to make a joint class presentation and lead a discussion group once during the last four weeks of the course. Students will be assigned to one of four policy groups on October 5. The students in each group will cover the arguments and evidence for/against a particular set of proposals for reducing/eliminating child poverty, supporting families, improving employment outcomes of low-wage workers, or designing an anti-poverty agenda. The content and structure of the presentation is up to the student group. You can choose to cover all the policy options considered in a week's readings. Or you can intensively focus on one or two options. For example, the employment policy readings (Topic 9) cover the minimum wage, the EITC, workforce development, health insurance, affirmative action and public employment. You could choose to focus on one area - for example the EITC - or on all areas. Similarly, you could choose a briefing format, debate format, role-playing interactive format, a TV-show format, etc. There are two requirements: 1) there should be a 1/3 of the class period set aside for questions/discussion from the class; and 2) as part of the presentation students should prepare a **jointly written**, 1-2 page outline of the major issues and arguments as well as a short list of discussion questions for the class. These should be handed out to the class at the beginning of the presentation. If a student writes one of the four short policy papers on some aspect of his or her group presentation, the short paper is due one week after the class presentation.

ALL members of the group will make oral presentations at this time. The student's grade on this component is determined by their own presentation as well as by the overall quality of the group's presentation and materials -- presentation materials such as Powerpoint or related materials should be submitted as part of this component.

*Class Participation:* All students are expected to attend each class and participate in the discussion. Students are encouraged to incorporate policy-in-the-news discussions in class.

At some point during the semester, each student will lead a portion of discussion of the assigned articles. For the class period that you lead the discussion, you will post your discussion questions to the bSpace chat room ([www.bspace.berkeley.edu](http://www.bspace.berkeley.edu)) 24 hours prior to class. In class, you will introduce and summarize the readings, then facilitate discussion for a portion of the class period. Some of the readings will have definitions or concepts that you may not be familiar with. You are not expected to have any prior experience with economics, but you are expected to ask questions in order to increase your understanding of economic concepts. Irregular class attendance will be counted against the classroom participation grade.

Please be sure to read the assigned material **before** class. One objective of the course is **informed** discussion of social issues. One becomes informed by reading the assigned articles, then listening to the lecture, and then participating in the discussion and exercises.

*Service Learning:* Finally, there is a service-learning component to this class: volunteering a minimum of 6 hours for a public or nonprofit organization serving low-income children, families or adults, or volunteering for some other relevant activity (ask me). Many students find this an eye-opening experience that puts the readings and class discussions into a real-life context. You may volunteer through a campus organization, or with a community group. The YWCA on Bancroft offers numerous placement opportunities. You will be asked to write a synopsis of reflections on your volunteer experiences and links to readings in class.

### **Final Discussion Exercise—How Would You Reallocate Antipoverty Spending?**

Please come to class with your copy of the exercise filled out. You will be expected to discuss how you have chosen to allocate the funds among a range of social welfare programs.

#### Homepages for Institutes and Organizations:

Administration for Children and Families:	<a href="http://www.acf.dhhs.gov">http://www.acf.dhhs.gov</a>
Asst. Secy. of HHS for Planning and Eval.:	<a href="http://aspe.os.dhhs.gov">http://aspe.os.dhhs.gov</a>
Brookings Institute:	<a href="http://www.Brookings.edu">http://www.Brookings.edu</a>
Bureau of Labor Statistics	<a href="http://www.bls.gov">http://www.bls.gov</a>
Cato Institute	<a href="http://www.cato.org">http://www.cato.org</a>
Census Bureau:	<a href="http://www.census.gov">http://www.census.gov</a>
Center on Budget and Policy Priorities:	<a href="http://www.cbpp.org">http://www.cbpp.org</a>
Center for Law and Social Policy:	<a href="http://www.clasp.org">http://www.clasp.org</a>
Children's Defense Fund:	<a href="http://www.childrensdefense.org">http://www.childrensdefense.org</a>
Economic Policy Institute	<a href="http://www.epinet.org">http://www.epinet.org</a>
Future of Children	<a href="http://www.futureofchildren.com">http://www.futureofchildren.com</a>
Heritage Foundation:	<a href="http://www.heritage.org">http://www.heritage.org</a>
Institute for Research on Poverty:	<a href="http://www.ssc.wisc.edu/irp">http://www.ssc.wisc.edu/irp</a>
Joint Center for Poverty Research	<a href="http://www.jcpr.org">http://www.jcpr.org</a>
Manpower Demonstration Research Corporation:	<a href="http://www.mdrc.org">http://www.mdrc.org</a>
National Bureau of Economic Research (NBER)	<a href="http://www.nber.org">http://www.nber.org</a>
National Poverty Center:	<a href="http://www.npc.umich.edu">http://www.npc.umich.edu</a>
RAND	<a href="http://www.rand.org">http://www.rand.org</a>
Urban Institute:	<a href="http://www.urban.org">http://www.urban.org</a>
Welfare Information Network:	<a href="http://www.welfareinfo.org">http://www.welfareinfo.org</a>

**PP190: Reading List**

**Thinking About Poverty Policy**

Rebecca Blank, 1997. *It Takes a Nation*, pages 191-200.

Sheldon Danziger and Robert Haveman. "Introduction: The Evolution of Poverty and Antipoverty Policy." *Understanding Poverty*, pg. 1-8.

Isabel Sawhill. 2006. "Domestic Entitlements and the Federal Budget" Testimony before the U.S. House Committee on the Budget. (February) [LINK](#)

**TOPIC 1. THE MEASUREMENT OF POVERTY, POVERTY DYNAMICS, TRENDS IN POVERTY**

Sheldon Danziger and Robert Haveman. *Understanding Poverty*. Harvard University Press/Russell Sage Foundation. 2001, "Chapter 1: The Level, Trend, and Composition of Poverty", 27-66.

Rebecca Blank. *It Takes a Nation*, 13-30. Chapter 1, "The Changing Face of Poverty."

**Part I. Trends in Economic Growth, Economic Inequality, and Poverty  
Assessing the Benefits & Costs of Economic Inequality.**

Richard Freeman, "The Rising Tide Lifts...?", In S.H. Danziger, and R.H. Haveman (eds.), *Understanding Poverty*, pp. 97-126 (Chapter 3).

Gary Burtless and Christopher Jencks, "American Inequality and Its Consequences," in Henry Aaron et al. (eds.), *Agenda for the Nation* (Brookings 2003) pp 61-108. [LINK](#)

Hilary W. Hoynes, Marianne E. Page, and Ann H. Stevens, 2005. "Poverty in America: Trends and Explanations." [LINK](#)

**Part II. Short-Run Poverty vs. Long-Run Poverty, and Intergenerational Inequality**

Mary Corcoran, 2001. "Mobility, Persistence, and the Consequences of Poverty for Children: Child and Adult Outcomes." In S.H. Danziger, and R.H. Haveman (eds.), *Understanding Poverty*, pp. 127-161 (Chapter 4).

Isabel Sawhill and Sara McLanahan. 2006. "Introducing the Issue" Opportunity in America, *Future of Children*, 16(2) (Fall): 3-17. [LINK](#)

**TOPIC 2. POVERTY & CULTURE: WHAT CAUSES WHAT?  
Poverty Theories**

William Julius Wilson. *When Work Disappears*. Chapters 1-3. Alfred Knopf. 1996.

**TOPIC 3. THE CONSEQUENCES OF GROWING UP POOR  
RACE, ECONOMIC INEQUALITY AND CHILDREN'S LIFE CHANCES**

Harry Holzer, Dianne W. Schanzenback, Greg J. Duncan, and Jens Ludwig. 2007. "The Economic Costs of Poverty in the U.S.: Subsequent Effects on Children Growing up Poor". Center for American Progress. [LINK](#)

#### **TOPIC 4. TRENDS IN FAMILY COMPOSITION AND EFFECTS OF FAMILY COMPOSITION ON CHILDREN**

David Ellwood and Christopher Jencks. 2004. "The Spread of Single-Parent Families in the United States Since 1960" in Moynihan, Smeeding & Rainwater (eds.). *The Future of the Family*. Russell Sage. pp. 25-65. [LINK](#)

#### **TOPIC 5. EDUCATION AND TRAINING POLICIES – PRE-SCHOOL, K-12, COLLEGE, AND TRAINING PROGRAMS. POLICIES TO INCREASE HUMAN CAPITAL**

##### **Part I. Overviews of Human Capital Strategies**

James J. Heckman. 2005. "Inequality in America: What Role for Human Capital Policies?" *Focus*, Newsletter of the Institute for Research on Poverty, Spring 2005, vol 23(3):1-10. [LINK](#)

Lynn A. Karoly. 2002. "Ch. 9: Investing in the Future: Reducing Poverty Through Human Capital Investments" *Understanding Poverty...*, pg. 314-358.

Isabel Sawhill, 2006. "[Opportunity in America: The Role of Education](#)" The Future of Children Series. Brookings Policy Brief (Fall) [LINK](#)

##### **Part II. The Racial Gap in Achievement**

Ron Haskins and Cecelia Rouse. "Closing Achievement Gaps." Policy Brief, *The Future Of Children*, Princeton-Brookings [LINK](#)

"School Readiness: Closing Racial and Ethnic Gaps." The Future of Children (see especially articles by Brooks-Gunn and Waldfogel. [LINK](#)

##### **Part III. College and Low Income Students**

*How much can we increase college enrollment among the disadvantaged?*

Tom J. Kane, 2001. *College-Going and Inequality: A Literature Review*. June, pp. 1-76. [LINK](#)

Leonhardt, D. 2005. "The College Dropout Boom." *New York Times* (May 24). [LINK](#)

##### **Part IV. Improving Schools**

Paul Peterson, 1999. "School Reforms: How Much Do They Matter?" in S. Mayer and P. Peterson (eds). *Earning and Learning: How Schools Matter* (Brookings Institutional Press, 1999), pp 105-117. [LINK](#)

**Could redistributing school resources equalize outcomes?**  
*School expenditures*

Thomas Downes and David Figlio, "Economic Inequality and the Provision of Schooling," *FRBNY Economic Policy Review* (Sept 1999) pp 99-110. [LINK](#)

Eric Hanushek, "The Failure of Input-Based Schooling Policies," *Economic Journal* (Feb 2003) 113:F64-F98. [LINK](#)

*School Choice and Class Size*

**Sub-Themes: Could equalizing school quality make test scores more equal? The search for more effective teachers; Competition and accountability; Would equalizing time spent in school make earnings more equal?**

Cecilia Rouse. 2004. "School Reform in the 21st Century: A Look at the Effect of Class Size and School Vouchers in Minority Achievement." In C. Conrad (ed.) *Building Skills for Black Workers: Preparing for the Future Labor Market*. Pages 15-50. [LINK](#)

**Part V. Pre-School Education**

*Who would gain most from universal free early childhood education?*

Janet Currie. 2001. "Early Childhood Education Programs: What do We Know?". *Journal of Economic Perspectives* 15(2), 213-238. [LINK](#)

National Academy of Sciences. 2000. "From Neurons to Neighborhoods: The Science of Early Child Development." Executive Summary. Washington, DC: National Academy of Sciences. [LINK](#)

**Part VI. Training Programs**

James Heckman. 2004. "Policies to Foster Human Capital." GSPP Wildavsky Forum. [LINK](#)

**TOPIC 6. WELFARE POLICY**

**After Welfare Reform: Policy and Research Issues  
What Has Happened Since PRWORA - Overviews**

Rebecca Blank. 2002. "Evaluating Welfare Reform in the US", *Journal of Economic Literature*. 40(4). [LINK](#)

**TOPIC 7. DISCRIMINATION**

**Race, Gender, and Labor Markets**

Harry Holzer. 2006. "Statement to the EEOC Commission on Race and Color Discrimination on April 19, 2006." [LINK](#)

Rebecca Blank. 2005. "Tracing the Economic Impact of Cumulative Discrimination" *American Economic Review*. 95(2): 99-103. [LINK](#)

*Journal of Economic Perspectives*, Symposium: Discrimination in Product, Credit and Labor Markets, Spring 1998. [LINK](#)

Also recommended (not required): Francine Blau and Marianne Ferber. *The Economics of Women, Men and Work*. Chapter 8. "Differences in Occupations and Earnings: The Role of Discrimination."

**TOPIC 8. URBAN SOCIAL POLICY: NEIGHBORHOODS, HOUSING, JOBS, AND CRIME.**

**Part I. Criminal Justice Policy: The Prison Boom**

Bruce Western. 2006. *Punishment and Inequality in America*, Chapter 1; Chapter 4.

John Donohue, 2005. "Fighting Crime: An Economist View." *Milken Institute Review* (First Quarter). [LINK](#)

Steven Raphael. 2007-2008. "The Employment Prospects of ex-offenders." *Focus*, Volume 25, No. 2. Fall-Winter 2007-2008, pages 21-26. [LINK](#)

## **Part II. Causes & Consequences of Residential Segregation Social Isolation and The Underclass Debate**

John Yinger, 2001. "Housing Discrimination and Residential Segregation as Causes of Poverty." In S.H. Danziger, and R.H. Haveman (eds.), *Understanding Poverty*, pp. 359-391.

(Return to themes discussed in: William Julius Wilson. *When Work Disappears*. Chapters 1-3. Alfred Knopf. 1996).

"Moving to Opportunity," Joint Center for Poverty Research, *Poverty Research News*, January 2001, pp1-15. [LINK](#)

Greg Duncan and Jens Ludwig. 2000. "Can Housing Vouchers Help Poor Kids?" *Brooking Review* (July). [LINK](#)

## **TOPIC 9. DESIGNING A POST-2008 ANTIPOVERTY AGENDA**

Rebecca Blank. 2008 "How to Wage the Next War on Poverty". Brookings. (p. 17-20) [LINK](#)

Center for American Progress. 2007. From Poverty to Prosperity: A National Strategy to Cut Poverty in Half, Executive Summary, p. 1-5 [LINK](#)

## **Part I. POLICIES TO COMBAT CHILD POVERTY**

Lynn A. Karoly. 2005. "Early Childhood Interventions: Proven Results, Future Promise." Summary, pages xiii to xxviii. Rand. [LINK](#)

## **Part II. POLICIES TO INCREASE EMPLOYMENT, EARNINGS, AND WELL-BEING OF LESS SKILLED WORKERS, AND THEIR FAMILIES.**

### **Helping Disconnected Low Skilled Men and Single Mothers**

Harry Holzer. 2008. "Workforce Development as an Antipoverty Strategy: What Should We Do?" [LINK](#)

## **Part III. HEALTH AND THE US HEALTH CARE SYSTEM.**

Wise, P.H. 2004. "The Transformation of Child Health in the United States." *Health Affairs* 23(5):9-25. [LINK](#)

Anne Case and Christina Paxson, 2006. "Children's Health and Social Mobility" (For Future of Children) Princeton University. [LINK](#)

John Mullahy and Barbara L. Wolfe. 2001. "Health Policies for the Non-elderly Poor." In S.H. Danziger, and R.H. Haveman (eds.), *Understanding Poverty*, pp. 278-313.

David Cutler, 2004. "Are the Benefits of Medicine Worth What We Pay for It?" Center for Policy Research Policy Brief No. 27. The Maxwell School at Syracuse University. [LINK](#)