POVERTY, INEQUALITY, AND PUBLIC POLICY (PP190)
FALL 2010

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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 recipiency, 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.
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)

   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 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) 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: http://www.acf.dhhs.gov
- Asst. Secy. of HHS for Planning and Eval.: http://aspe.os.dhhs.gov
- Cato Institute: http://www.cato.org
- Census Bureau: http://www.census.gov
- Center on Budget and Policy Priorities: http://www.cbpp.org
- Center for Law and Social Policy: http://www.clasp.org
- Economic Policy Institute: http://www.epinet.org
- Future of Children: http://www.futureofchildren.com
- Heritage Foundation: http://www.heritage.org
- Institute for Research on Poverty: http://www.ssc.wisc.edu/irp
- Joint Center for Poverty Research: http://www.jcpr.org
- Manpower Demonstration Research Corporation: http://www.mdrc.org
- National Poverty Center: http://www.npc.umich.edu
- RAND: http://www.rand.org
- Urban Institute: http://www.urban.org
# Prof. Johnson, PP190: Poverty, Inequality & Public Policy

## Week 1: Introduction

**W Sept 1**

**TOPIC:** Course Intro • Review of Syllabus • Thinking About Poverty Policy

**READING:**
- Isabel Sawhill. 2006. “Domestic Entitlements and the Federal Budget” Testimony before the U.S. House Committee on the Budget. [LINK](#)

## Week 2: The Measurement of Poverty, Poverty Dynamics, Trends in Poverty

**M Sept 6**

HOLIDAY—NO CLASS.

**W Sept 8**

**TOPIC:** Trends in Economic Growth, Economic Inequality, and Poverty • Assessing the Benefits & Costs of Economic Inequality.

**READING:**
- *Understanding Poverty*, Ch.1: “The Level, Trend, & Composition of Poverty”
- Richard Freeman. “The Rising Tide Lifts…?” Ch.3 in *Understanding Poverty*.
- Gary Burtless and Christopher Jencks, “American Inequality and Its Consequences” [LINK](#)
- Hoynes, Page, Stevens, “Poverty in America: Trends & Explanations” [LINK](#)

## Week 3: Short-Run Poverty vs. Long-Run Poverty, & Intergenerational Inequality

**M Sept 13**

**W Sept 15**

**TOPIC:** Poverty Dynamics; Intergenerational Inequality

- *Show excerpts of Film “Inequality Matters” in class*

**READING:**
- Mary Corcoran. “Mobility, Persistence, and the Consequences of Poverty for Children: Child and Adult Outcomes.” Ch.4 in *Understanding Poverty*.
- Isabel Sawhill and Sara McLanahan. 2006. “Introducing the Issue” Opportunity in America, *Future of Children*, 16(2) (Fall): 3-17. [LINK](#)

*ASSIGNMENT DUE: SHORT WRITING ASSIGNMENT (TOPIC 1)*

## Week 4: SPECIAL GUESTS

**M Sept 20**  
Guest Lecturer: Will Dow, Prof. of Health Economics (SPH) & former Council of Economic Advisors

**W Sept 22**  
Guest Lecturer: Jesse Rothstein, Prof. of Public Policy & former Council of Economic Advisors and former Chief Economist, Department of Labor

## Week 5: Poverty & Culture: What Causes What?

**M Sept 27**

**READING:**

**W Sept 29**

**READING:**

*ASSIGNMENT DUE: SHORT WRITING ASSIGNMENT (TOPIC 2)*

## Week 6: The Consequences of Growing Up Poor

**M Oct 4**

**TOPIC:** Race, Economic Inequality & Children’s Life Chances

**READING:**
Prof. Johnson, PP190: Poverty, Inequality & Public Policy

W Oct 6  TOPIC: Race, Economic Inequality & Children’s Life Chances

*  ASSIGNMENT DUE: short WRITING ASSIGNMENT (Topic3)
Prof. Johnson, PP190: Poverty, Inequality & Public Policy

Week 7: Trends in Family Composition & Effects of Family Composition on Children

M Oct 11

**TOPIC:** Trends in Family Structure  
**READING:**  

W Oct 13

**TOPIC:** Effects of Family Structure on Children  
**ASSIGNMENT DUE:** SHORT WRITING ASSIGNMENT (TOPIC 4)

Week 8: Education & Training Policies: Pre-School, K-12, College, & Training Programs

M Oct 18

**TOPIC:** Overviews of Human Capital Strategies  
**READING:**  

W Oct 20

**TOPIC-A:** The Racial Gap in Achievement  
**READING:**  

**TOPIC-B:** College & Low-Income Students  
*How much can we increase college enrollment among the disadvantaged?*  
**READING:**  
- Tom Kane. *College-Going and Inequality: A Literature Review*. [LINK]  

**ASSIGNMENT DUE:** SHORT WRITING ASSIGNMENT (TOPIC 5-PART 1)
Week 9: Education Policies: K-12, College/ Education & Training Policies: Pre-School & Training Programs

M Oct 25

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

**READING:**

W Oct 27

**TOPIC-A:** Effectiveness of Training Programs

**READING:**
- J. Heckman. “Policies to Foster Human Capital.” GSPP Wildavsky Forum. [LINK](#)

**TOPIC-B:** Improving Schools; Could redistributing school resources equalize outcomes?

**School expenditures; School Choice and Class Size; 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?

- Show Film in class “This Old Schoolhouse” 60 Minutes (2005) [LINK](#)

**READING:**

* **ASSIGNMENT DUE:** SHORT WRITING ASSIGNMENT (TOPIC 5-PART2)

Week 10: Welfare Policy

M Nov 1

**TOPIC:** After Welfare Reform: Policy and Research Issues

**READING:**

W Nov 3

* **ASSIGNMENT DUE:** SHORT WRITING ASSIGNMENT (TOPIC 6)

Week 11: Discrimination

M Nov 8

**TOPIC:** Race, Gender, & Labor Markets

**READING:**

W Nov 10

**TOPIC:** Discrimination (CONT)

**READING:**

* **ASSIGNMENT DUE:** SHORT WRITING ASSIGNMENT (TOPIC 7)

M Nov 15

**TOPIC:** Criminal Justice Policy: The Prison Boom

**READING:**

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

W Nov 17

**TOPIC:** Causes & Consequences of Residential Segregation; Social Isolation and The Underclass Debate

**READING:**

Week 13: Designing a Post-2008 Anti-Poverty Agenda

M Nov 22  
* ASSIGNMENT DUE: SHORT WRITING ASSIGNMENT (TOPIC 8)

W Nov 24

TOPIC: Designing a Post-2008 Anti-Poverty Agenda

READING:
- Rebecca Blank. 2008 “How to Wage the Next War on Poverty”. Brookings. [LINK]
- Center for American Progress. 2007. From Poverty to Prosperity: A National Strategy to Cut Poverty in Half, Executive Summary. [LINK]

Policies to Combat Child Poverty

Week 14: Designing a Post-2008 Anti-Poverty Agenda

M Nov 29

TOPIC: Policies to Increase Employment, Earnings, and Well-being of Less Skilled Workers and their Families

Helping Disconnected Low Skilled Men and Single Mothers

W Dec 1

TOPIC: Health and the U.S. Health Care System

READING:
- Anne Case and Christina Paxson, 2006. “Children’s Health and Social Mobility” (For Future of Children. [LINK]

* ASSIGNMENT DUE: SHORT WRITING ASSIGNMENT (TOPIC 9)

Week 15: Designing a Post-2008 Anti-Poverty Agenda; Health & the US Health Care System

M Dec 6

TOPIC: HEALTH AND THE US HEALTH CARE SYSTEM. (CONT)

READING:

W Dec 8

Designing a Post-2008 Anti-Poverty Agenda

(Class Presentations (CONT))

Final Discussion Exercise–How Would You Reallocate Antipoverty Spending?

M Dec 13

FINAL EXAM