

Economics 3875 (06E:169)
Topics in Policy Economics: Economics of Poverty
University of Iowa
Spring 2016

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Classes: T Th 12:30-1:45
Room: PBB C121
Office Hours: T Th 11:00-12:00

Course Description

This seminar examines poverty measurement and trends; consequences of poverty; explanations for poverty in the US; and government policy and program responses to poverty. This course will primarily focus on poverty in the United States, although we will also discuss poverty in an international context.

Prerequisites: ECON 1100 (Principles of Microeconomics)
ECON 1200 (Principles of Macroeconomics)

Text

There is no required text for this course. The required readings are all articles, which are available on the journals' websites and are accessible for no charge through the University of Iowa library (search for the journal name in E-Journals (<http://infolink.lib.uiowa.edu/e-journals>) and then find the article within the journal database), working papers available at www.nber.org and www.irp.wisc.edu, or papers available at the links provided. These articles are also commonly available through an online search engine if accessed through Iowa's network.

Course Outline

Poverty is a broad concept and the course will broadly examine the concept of poverty, but it is necessary to restrict the set of specific topics within a one-semester course. The specific topics and readings are listed below for each class during the semester. Students should complete these readings prior to class and come prepared to discuss the readings and ask questions about the material. Discussion questions are provided below the list of readings that will guide the class discussion and students reading in preparation for each class. This syllabus is not a fixed document and is subject to revisions.

Week 1 (1/19 and 1/21): Overview and Measurement

Course Overview on 1/19

Reading: U.S. Census Bureau "Poverty" <http://www.census.gov/hhes/www/poverty/poverty.html>

U.S. Poverty Measurement (1/21)

Readings: (1) Institute for Research on Poverty (2014) "How is poverty measured in the United States?" <http://www.irp.wisc.edu/faqs/faq2.htm>.

(2) Blank, Rebecca M. (2008) "How to Improve Poverty Measurement in the United States," *Journal of Policy Analysis and Management*, 27(2), 233-254.

Week 2 (1/26 and 1/28): Measurement and Trends

Supplemental Poverty Measure (1/26)

Reading: Fox, Liana, Christopher Wimer, Irwin Garfinkel, Neeraj Kaushal, and Jane Waldfogel (2015) “Waging War on Poverty: Poverty Trends Using a Historical Supplemental Poverty Measure,” *Journal of Policy Analysis and Management*, 34(3), 567-592.

Trends in Income Mobility (1/28)

Readings: (1) Chetty, Raj, Nathaniel Hendren, Patrick Kline, and Emmanuel Saez (2014)

“Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States,” *Quarterly Journal of Economics*, 129(4): 1553-1623. (<http://www.equality-of-opportunity.org/>)

(2) Chetty, Raj, Nathaniel Hendren, Patrick Kline, Emmanuel Saez, and Nicholas Turner (2014) “Is the United States Still a Land of Opportunity? Recent Trends in Intergenerational Mobility,” *American Economic Review*, 104(5): 141-147.

Week 3 (2/2 and 2/4): Dimensions of Poverty

Inequality and multiple dimensions (2/2)

Reading: Sen, Amartya (1997) “From Income Inequality to Economic Inequality,” *Southern Economic Journal*, 64(2), 383-401.

Multidimensional Poverty Measures (2/4)

Reading: Alkire, Sabina, Christoph Jindra, Gisela Robles Aguilar, Suman Seth and Ana Vaz (2015) “Global Multidimensional Poverty Index 2015” Oxford Poverty & Human Development Initiative, http://www.ophi.org.uk/wp-content/uploads/Global-MPI-8-pager_10_15.pdf.

Week 4 (2/9 and 2/11): Causes of Poverty

Economic Opportunity (2/9)

Reading: Blank, Rebecca M. (2009) “Economic Change and the Structure of Opportunity for Less-Skilled Workers,” *Focus*, 26(2): 14-20.
<http://www.irp.wisc.edu/publications/focus/pdfs/foc262c.pdf>.

Immigration (2/11)

Reading: Raphael, Steven and Eugene Smolensky (2008) “Immigration and Poverty in the United States,” IRP Discussion Paper no. 1347-08.

Week 5 (2/16 and 2/18)

Work on the assignment creating a measure of poverty (due on 2/18).

Week 6 (2/23 and 2/25): Causes of Poverty

Discrimination in the Labor Market (2/23)

Reading: Bertrand, Marianne and Sendhil Mullainathan (2004) “Are Emily and Greg More Employable Than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination,” *American Economic Review*, 94(4), 991-1013.

Discrimination as an Explanation for Racial Inequality (2/25)

Fryer, Roland G. Jr. (2010) "Racial Inequality in the 21st Century: The Declining Significance of Discrimination" NBER Working Paper 16256.

Week 7 (3/1 and 3/3): Consequences

Consequences of Poverty (3/1)

Reading: Holzer, Harry J., Diane Whitmore Schanzenbach, Greg J. Duncan, and Jens Ludwig (2007) "The Economic Costs of Poverty in the United States: Subsequent Effects of Children Growing Up Poor," Institute for Research on Poverty Discussion Paper 1327-07.

The Importance of Income (3/3)

Reading: Duncan, Greg J., Katherine Magnuson, and Elizabeth Votruba-Drzal (2014) "Boosting Family Income to Promote Child Development," *Future of Children*, 24(1): 99-120.

Week 8 (3/8 and 3/10): Income Support Policies

Minimum Wages (3/8)

Reading: Clemens, Jeffrey (2015) "The Minimum Wage and the Great Recession: Evidence from the Current Population Survey," NBER Working Paper 21830.

Earned Income Tax Credit (3/10)

Reading: Hoynes, Hilary W., and Ankur J. Patel (2015) "Effective Policy for Reducing Inequality? The Earned Income Tax Credit and the Distribution of Income," NBER Working Paper 21340.

Week 9 (3/15 and 3/17)

Spring Break: No Class

Week 10 (3/22 and 3/24): Welfare Reform

Welfare Reform I (3/22)

Reading: (1) Burkhauser, Richard V. (2016) "Welfare Reform: A 20-Year Retrospective," *Journal of Policy Analysis and Management*, 35(1): 223-224.

(2) Haskins, Ron (2016) "TANF at Age 20: Work Still Works," *Journal of Policy Analysis and Management*, 35(1): 224-231.

Welfare Reform II (3/24)

Reading: (1) Danzinger, Sandra K., Sheldon Danzinger, Kristin S. Seefeldt, and H. Luke Shaefer (2016) "From Welfare to a Work-Based Safety Net: An Incomplete Transition," *Journal of Policy Analysis and Management*, 35(1): 231-238.

(2) Haskins, Ron (2016) "Supplementing TANF's Work Requirement: A Compromise," *Journal of Policy Analysis and Management*, 35(1): 238-240.

(3) Danzinger, Sandra K., Sheldon Danzinger, Kristin S. Seefeldt, and H. Luke Shaefer (2016) "Increasing Work Opportunities and Reducing Poverty Two Decades after Welfare Reform," *Journal of Policy Analysis and Management*, 35(1): 241-244.

Week 11 (3/29): Unemployment Insurance

Unemployment Insurance (3/29)

Reading: Farber, Henry S., Jesse Rothstein, and Robert G. Valletta (2015) “The Effect of Extended Unemployment Insurance Benefits: Evidence from the 2012-2013 Phase-Out,” IZA Discussion Paper 8784.

Week 12 (4/5 and 4/7): Education

Education (4/5)

Reading: Jacob, Brian A. and Jens Ludwig (2008) “Improving Educational Outcomes for Poor Children,” Institute for Research on Poverty Discussion Paper 1352-08.

Early Education Interventions (4/7)

Reading: Edwards and Frisvold (2015) “Does Full-Day Kindergarten Combined with Small Class Size Boost Test Scores?”

Week 13 (4/12 and 4/14): Health and Nutrition

SNAP (4/12)

Reading: Hoynes, Hilary W., Diane Whitmore Schanzenbach, and Douglas Almond (2012) “Long Run Impact of Childhood Access to the Safety Net,” NBER Working Paper 18535.

WIC (4/14)

Reading: Rossin-Slater, Maya (2013) “WIC in your Neighborhood: New Evidence on the Impacts of Geographic Access to Clinics,” *Journal of Public Economics*, 102: 51-69.

Week 14 (4/19 and 4/21): Health Care

Medicaid (4/19)

Reading: Allen et al. (2010) “What the Oregon Health Study Can Tell Us About Expanding Medicaid,” *Health Affairs*, 29(8): 1498-1506.

Medicare (4/21)

Reading: Bhattacharya, J. and D. Lakdawalla. 2006. “Does Medicare Benefit the Poor?” *Journal of Public Economics*, 90(1-2), January, 277-292.

Week 15 (4/26 and 4/28): Neighborhoods

Moving to Opportunity (4/28)

Reading: Chetty, Raj, Nathaniel Hendren, and Lawrence F. Katz (2015) “The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment,” NBER Working Paper 21156.

Conditional Cash Transfer Programs (5/3)

Reading: Rawlings, Laura B. and Gloria M. Rubio (2005) “Evaluating the Impact of Conditional Cash Transfer Programs,” *World Bank Research Observer*, 20(1), 29-55.

Week 16 (5/3 and 5/5): Conclusion

Alternate views of poverty (5/3)

Reading: Bertrand, Marianne, Sendhil Mullainathan, and Eldar Shafir (2004) “A Behavioral-Economics View of Poverty,” *American Economic Review*, 94(2): 419-423.

Semester Wrap-Up (5/5)

Course Requirements

Paper	20 %
Paper Critiques	20 %
Paper Draft	20 %
Discussion Questions	10%
Assignment	10%
Short Paper	20 %

Paper: This paper assignment is based on the call for papers for a special issue on anti-poverty policy proposals for the *Russell Sage Foundation Journal of the Social Sciences* (<https://www.russellsage.org/publications/category/anti-poverty-policy-innovations>). Following the call for papers, students will write a 15-page paper proposing a specific policy to reduce poverty and providing evidence in support of that policy. A completed draft of the paper will be due by the beginning of class on April 12. Two students will offer critiques of the proposed policy (thus, each student will critique two papers). The critiques are due by the beginning of class on April 26. Final versions of the paper will be due at the end of the scheduled final exam period.

Assignment: Working individually or as a group with up to three members, students will construct a new poverty measurement. In a 5-page paper, students will describe how to calculate their measure, why their measure would be preferable to the official poverty measure, and the implications of adopting their measure. This will be due by February 18.

Short Paper: Students will write a 2-page single-spaced paper on an assigned topic, not including the list of references; thus, it must be clear and concise. You should avoid unsubstantiated generalities and should use specific details to bolster your arguments. This paper will be due prior to the beginning of class on March 10 and will be submitted electronically.

Discussion questions: As preparation for each class and to facilitate class discussion, students are expected to write a 300-500 word response (total) to the assigned readings before class that includes a very brief summary of the article(s) and response to each of class discussion questions listed above. These responses will be submitted electronically prior to the beginning of each class that we will discuss the assigned article. Late responses will not be accepted, but students may choose not to write a responses on any 3 articles (in other words, the grades for the highest 20 out of 23 responses will count towards your grade).

Other Course Details

Overview: Course policies, such as dropping and adding the class after the deadline and academic misconduct, are governed by the Tippie College of Business.

Course Management: All files for the course will be posted on ICON. Additional details about the assignments and grades will also be posted on ICON.

Communication: Communication with students outside of class will primarily occur through announcements on ICON, e-mail, and office hours. University policy specifies that students are responsible for all official correspondence sent to their University of Iowa e-mail address. The

University provides guidance for acceptable etiquette when utilizing electronic communication technologies.

Students with Disabilities: If you have a disability that may require some modification of seating, testing, or any other class requirement, please let me know as soon as possible so that appropriate arrangements can be made. Similarly if you have any emergency medical information about which I should know, or if you need special arrangements in the event the building must be evacuated, please let me know. The Office of Student Disability Services is available to assist you. Students seeking classroom and/or exam accommodations should first register with Student Disability Services (SDS): <http://www.uiowa.edu/sds/>.

Academic Misconduct: Any type of academic misconduct will result in an F for the course grade. Expectations regarding working with others and how to reference the literature will be made clear; however, if you have any questions, you should e-mail me. All incidents of cheating or plagiarism will be reported to the Associate Dean of the Tippie College of Business and the student may be placed on disciplinary probation for the remainder of his or her undergraduate work at the University of Iowa. In general, the decision of the Professor may be appealed to the College of Business' Judicial Board, then to the Associate Dean for the Undergraduate Program. The Honor Code for the Tippie College of Business will determine the appropriate appeal process. By enrolling in this course, you agree to be bound by the Honor Code, which can be found here: <http://www.biz.uiowa.edu/upo/honorcode.html>.

Sexual Harassment: The University will not tolerate sexual harassment, nor will it tolerate unwelcomed behavior of a sexual nature toward members of the University community when that behavior creates an intimidating or hostile environment for employment, education, on-campus living, or participation in a University activity. Incidents of sexual harassment should be reported immediately. See the UI Comprehensive Guide on Sexual Harassment for assistance, definitions, and the full University policy: <http://www.sexualharassment.uiowa.edu/index.php>. Concerns regarding sexual harassment should be directed to the Office of the Sexual Misconduct Response Coordinator (<http://osmrc.uiowa.edu/>).

Grades: Your performance in this class will be determined by your performance on the course requirements described above. Pluses and minuses will be used. Subject to increasing grades at my discretion, I will use the following scale, based on your weighted percentage according to the weights described for the course requirements above, to determine grades:
A+ = 97 – 100; A = 93 – 97; A- = 90 – 93; B+ = 87 – 90; B = 83 – 87; B- = 80 – 83;
C+ = 77 – 80; C = 73 – 77; C- = 70 – 73; D+ = 67 – 70; D = 63 – 67; D- = 60 – 63; F = 0 – 60.

Absence Policy: If you miss an assignment due to *unforeseen* reasons, you will be accommodated if I deem the reason valid according to College and University Policy (illness, accident, etc.). If you will miss an assignment due to unavoidable University activities, mandatory religious obligations, military service, or jury duty, you should consult with me as soon as the date of the activity is known and preferably during the first week of the semester. Depending on the circumstances, accommodation may be in the form of waived requirements or makeup assignments. Zero points will be awarded otherwise.

Grievance Policy: Student concerns regarding this course should first be discussed with me, the faculty member teaching this course. If we can't resolve the complaint, you may contact the departmental executive officer of the Department of Economics (Professor Solow, W210 PBB). If you cannot resolve the complaint by speaking with the DEO, you should take your concern to the Dean's Office (C120 PBB).

Writing Support: The Writing Center is available to provide support on all aspects of the writing process. For more details, visit their website: <http://www.uiowa.edu/~writingc/index.shtml>.

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