

ECON 4350 - Economics of Poverty and Public Policy – Spring, 2017

Instructor: Nicholas A. Wright

Time/Place: Tues. & Thurs, 9:30 a.m. – 10:45 a.m.; Langdale Hall, Room 223

Office: Vault, AYS Building

Office Hours: Thurs 4:00 p.m. or by appointment.

Email: nwright16@student.gsu.edu (Always write “ECON 4350” on the subject line.)

The course syllabus provides a general plan for the course; deviations may be necessary.

Overview

Purpose: This course applies economic principles to exploring the debate surrounding the concept of poverty in the United States and to a lesser extent elsewhere in the world. Some of the questions that we will study include “How is poverty defined? How is poverty measured? Why are some people poor and not others? How well do poverty alleviation programs work?”

By the end of this course you should be able to (1) describe the extent of poverty in the United States and how it is measured; (2) critically analyze the causes of poverty; and (3) evaluate the actual and potential responses of the private and public/government sectors to the problem. With these goals in mind, the course is broken up into four main components.

Pre-requisites: Required courses are ECON 2105 or ECON 2106 (or equivalent to be approved by the instructor). Strongly recommended are intermediate microeconomics and a course in statistics. This course will use math with some calculus, and will include data analysis. You should understand how to take a simple derivative, and concepts such as preferences, utility, supply and demand.

Texts –

1. Banerjee, A., Banerjee, A. V., & Duflo, E. (2011). *Poor economics: A radical rethinking of the way to fight global poverty*. PublicAffairs.
2. Wolff, E. N. (2009). *Poverty and income distribution*. Blackwell Pub.

Readings – Because this is a *seminar* (not a lecture), your participation is key. You will have weekly readings (on which exams and problem sets will partly be based).

iCollege: Important course information will be posted on **iCollege**, including all problem sets, readings, data, study guides and lecture slides. It is your responsibility to check iCollege regularly.

Policies

1. No electronics. I strongly urge a no electronics policy. This includes computers, cell phones, tablets, etc. Any student needing an exception to this rule is welcome to discuss at office hours to make their case.

2. Attendance: Students are responsible for obtaining any missed lecture notes from their classmates or desire2learn. The presumption of your registration for this course at this time is that you are able to attend class, arrive on time, and do not depart early.

3. Exams. The exams will not be rescheduled. If a student is unable to attend due to an unexpected emergency, and she/he can provide satisfactory written documentation of the emergency, her/his final exam will be weighed more heavily to make up for the missed exam.

4. Honesty. Students are expected to do their work in a manner consistent with the guidelines of GSU policy on Academic Honesty.

Grading

Class participation 8% - Because this is a seminar (as opposed to a lecture), your participation is required. This includes attendance.

Problem sets 12% - Two problem sets will often have a problem or two, plus questions about the readings. Paper copies are due at the beginning of class.

Reading quizzes: 10% - I will give very short quizzes to make sure you've done the readings. If you read, they'll be easy. You may drop one quiz grade.

Two Exams 40% - There are no makeups. Each exam is 20% of your grade. Exams will have exercises (economic problems to solve) and questions from the readings. I will provide a brief study guide before exams.

Group policy exercise 30% - Make a policy recommendation on a topic of my choosing, including thorough background research, good economic thinking, and a clear policy proposal. The purpose is to introduce you to the nuts and bolts of creating a proposal. Not everyone in the group necessarily gets the same grade.

You will work in groups of 3-4 with the following requirements:

1. In-class presentation from the group lasting about 10 minutes, followed by questions from me and the class.
2. A 2-page (12pt TNR) summary of your proposal. Provide references in an attached bibliography (not included in page count).

Extra Credit – I reserve the right to provide opt-in extra credit opportunities to the class. These opportunities provide a unique way for students to engage with the concepts covered in the class, while improving your grade for the course.

Curve – I reserve the right to curve grades (this can be upward or downward). In past years grades have consistently been curved upward.

Instructor assessment: Your constructive assessment of this course plays an indispensable role in shaping education at Georgia State. Upon completing this course, please take time to fill out the online course evaluation.

Academic honesty: Plagiarism of any kind will not be tolerated and may be grounds for failure and disciplinary action. This includes copying work from other published sources without citing those sources. Similarly, cheating on any assignment, including using unauthorized notes, copying the work of other students, or providing answers to other students, may similarly result in failure and/or disciplinary action.

“As members of the academic community, students are expected to recognize and uphold standards of intellectual and academic integrity. The university assumes as a basic and minimum standard of conduct in academic matters that students be honest and that they submit for credit only the products of their own efforts. Both the ideals of scholarship and the need for fairness require that all dishonest work be rejected as a basis for academic credit. They also require that students refrain from any and all forms of dishonorable or unethical conduct related to their academic work.” For complete guidelines, see:
<http://www2.gsu.edu/~wwwfhh/sec409.html>

Accommodations for students with disabilities: Georgia State University complies with Section 504 of the Rehabilitation Act and the Americans with Disabilities Act. Students with disabilities who seek academic accommodations need to take appropriate documentation to the Office of Disabilities Services located in Suite 230 of the Student Center. Please inform me if you have any disabilities requiring special accommodation.

Religious holidays: Any student registered for this course who plans to observe a religious holiday, which conflicts in any way with the course schedule or requirements, should contact the instructor two weeks prior to indicate the need for an accommodation.

Attendance: The following is a formal policy at the Georgia State University. “Effective Fall 2001, instructors must, on a date after the mid-point of the course (to be set by the Provost) i. give a WF to all those students who are on their rolls but no longer taking the class and ii. report the last day the student attended or turned in an assignment. Students who are on financial aid should pay particular attention to this new rule as it may affect your financial aid status. To determine whether or not you are “still taking the class”, Attendance will be determined based on participation in exams and homework assignment.”

Lecture outline

You should do all readings unless *optional* is specified. Note that readings with an asterisk (*) should be read diligently as you will see them on quizzes and tests. The more asterisks (***) the more important it is. Below is the outline of the course, deviations may be necessary. Additional readings may be provided for extra credit or as the need arise at the instructor's discretion.

I. Introduction, Definitions and Measurement

Week 1 - Jan. 10-12 : Definitions and distributions

1.1 Poverty vs. Inequality

What is the difference between poverty and inequality? Why might we care?

- **Norton & Ariely, 2011

1.2 Distributions

Means, medians, distributions and percentiles. Income distribution in the U.S.

Week 2 – Jan. 17-19: Measuring poverty

2.1 – Measuring poverty and counting the poor

Official, Supplemental, Income and consumption based poverty measures.

- *Johnson & Smeeding (2012). A consumer's guide to interpreting various U.S. poverty measures. *Institute for Research on Poverty*.
- *Short (2011). "Who is Poor? A New Look with the Supplemental Poverty Measure."

2.2 – Counting the poor

Poverty indices and Gini coefficients.

- Wolff. Ch. 3.3-3.6; 4.3-4.4.

PS1 Assigned

II. Origins of Poverty – Education, early childhood and inequality

Week 3 – Jan. 24-26: Education I

Education 3.1 Human capital theory and returns to schooling.

PS1 posted

- Wolff, 8.1-8.2 (8.3 is optional).
Or (reading both is suggested)
- **Ehrenberg, ch. 9 (similar to Wolff but easier.)

Education 3.2 Schooling.

- * Kalil (2014). Addressing the Parenting divide.
- * Reardon, S. (2011). The Widening Academic Achievement Gap Between the Rich and the Poor: New Evidence and Possible Explanations.

Week 4 – Jan. 31- Feb. 2 : Education II

PS 1 Due Jan. 31 (beginning of class)

Education 4.1 Head start, Pre-k and early childhood.

- Cascio & Schanzenbach. Expanding preschool access.
- *Duncan, Ludwig & Magnuson. Reducing Poverty through preschool interventions.
- (Strongly recommended) Belfield, Nores, Barnett & Schweinhart (2005). The High/Scope Perry Preschool Program: A Cost-Benefit Analysis Using Data from the Age-40 Followup.

Week 5 – Feb. 7- Feb. 9: Education II & EXAM 1

5.1 Moving up and Moving to Opportunity

- A Summary Overview of Moving to Opportunity: A Random Assignment Housing Mobility Study in Five U.S. Cities
- Chetty reading.
- **Exam 1 on Feb 9th**

Week 6 – Feb. 14- Feb. 16: Labor supply

- Labor economics pages 21-39 (posted on iCollege)

III. Wages and working with data

Feb. 21- Feb. 23: Working with data

Class will meet on 7th floor of the Andrew Young School in the computer lab.

IV. Policies and Programs

Week 7 – Feb. 28- Mar. 2: EITC, Minimum Wages, Taxes

7.1 How does EITC affect work and earnings?

- ***Labor economics pages 54-64 (posted on D2L)
- *Hoynes, H. Building on the success of the EITC.

7.2 What should the minimum wage be? Average vs. Marginal tax rates. Real vs. nominal income.

- **Dube, A. Designing Thoughtful Minimum Wage Policy at the State and Local Levels.

PS2 Posted

Week 8 – Mar. 7-Mar. 9: Anti-poverty programs

Programs 1: Background on welfare programs, UI, AFDC & TANF

- *Wolff 15.1-15.3, 15.5

Programs 2: WIC and others

Snap, WIC and thinking more about why we have welfare.

- *Wolff 15.8

Week 9 – Mar. 21-Mar. 23: Health

Guest Lecture: March 21, 2017

Bill Rencher

Research Associate II

Medicaid Policy and Business Team

Georgia Health Policy Center

Guest Lecture: March 23, 2017

Dr. Melinda Pitts

Director of the Centre for Human Capital Studies

Federal Reserve Bank of Atlanta

PS2 Due: This assignment must be submitted in groups of 2 or 3.

V. Global poverty

Week 10 – Mar. 28-Mar. 30: Global poverty 1

10a. Causes and Millennium development goals, Poverty traps, Kuznets curves.

- **Poor Economics: Ch 1-5

10b. Conditional cash transfers

- Mexico's Oportunidades Program

- **The economic rationale for Conditional Cash transfers

Week 11 – April 4-April 6: Global poverty 2

11.1 Experiments in development

- *J-PAL policy brief: Up in smoke

- *J-PAL policy brief: Cleaner water at the source
- *J-PAL policy brief: Deworming
- *J-PAL policy brief: The price is wrong

11.2 *More experiments in development.*

- **Poor Economics: Ch 6-10

VI. Special topics

Week 12 – April 11-April 13: Exam 2 & Discrimination

- **April 11: Exam 2**

12.1. *Discrimination and prejudice.*

- Wolff 12.1-12.6

Week 13 – April 18-April 20: Scarcity, Summary and Wrap-up

13.2. *Scarcity.*

- Scarcity (book).

Final (exam) Presentations

April 27th 8:00 a.m. - 10:30 a.m. : Final Presentations