

ECO 4932: Economics of Poverty and Public Policy (Spring 2023)

Instructor: Dr. Nicholas A. Wright, Assistant Professor
Office: DM-307A
Email: nicwrigh@fiu.edu

Class Time Mon/Weds. 11 a.m. - 12:15 p.m.
Place: Patricia & Philip Frost Museum, Rm 107
Office Hours: Mon/Weds., 1:30 – 2:30 p.m. or by appointment.
TA: Khandaker Jahangir Alam (kalam@fiu.edu)

Overview (CRN: 16352)

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 and measured? Why are some people poor and not others? How do public programs impact poverty? What is the role of education in reducing poverty?

By the end of this course you should be able to (1) describe the extent of poverty in the United States and assess how it is measured; (2) critically analyze the causes of poverty; (3) synthesize the main empirical evidence on poverty alleviate programs and experimental interventions; and (4) evaluate the actual and potential responses of the private and public/government sectors to the problem.

Pre-requisites: No required courses. 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.

Textbooks (Not required)–

1. Banerjee, A., Banerjee, A. V., & Duflo, E. (2011). *Poor economics: A radical rethinking of the way to fight global poverty*. Public Affairs.
2. Wolff, E. N. (2009). *Poverty and income distribution*. Blackwell Pub.
3. Angrist, J & Pischke, J. (2015). *Mastering 'Metrics*. Princeton University Press

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 be partly based).

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

Grading

Class participation 10% - Because this is a seminar (as opposed to a lecture), your participation and attendance is required.

Problem sets 10% - Two problem sets that will be comprised of worked problems, a question requiring you to use STATA and questions about the readings. Submit e-copies via canvas. If the class size is large, this will be done in groups.

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

Two Exams 40% - Each exam is 20% of your grade. Exams will have economic problems to solve and questions from the readings. I may provide a detailed study guide. No makeups.

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 4 with the following requirements:

1. In-class presentation from the group lasting 15-25 minutes, followed by questions from the class.
2. A 2-page (12pt TNR) summary of your proposal. Provide references in an attached bibliography (not included in page count).

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. 9: 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: Measuring poverty

2.0 – Homework One Assigned

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.

Week 3-4: Stata Workshop and Working with data

II. Origins of Poverty – Education, Early Childhood and Inequality

Week 4: Education I

3.1 Human capital theory and returns to schooling.

- Wolff, 8.1-8.2 (8.3 is optional).
- **Ehrenberg, Ch. 9 (similar to Wolff, but easier.)

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.
- Deming (2011). Better schools, less crime?

Week 5: Education II

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: Cost–Benefit Analysis Using Data from the Age-40 Follow-up.

Week 6: Education II

5.1 *Homework One Due (Start of Class, Feb 15th)*

5.2 Finish Education II

5.3 Labor economics pages 21-39 (posted on Canvas)

III. Policies and Programs

Week 7: EITC, Minimum Wages, Taxes

6.0 *Exam One Feb 22nd*

6.1 *Homework Two Assigned*

6.2 *How does EITC affect work and earnings?*

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

6.3 *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.

Week 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, SSI, WIC and thinking more about why we have welfare.
- Do these programs pay for themselves? [Ko et al \(2020\)](#), [Hendren et. al \(2010\)](#)
- *Wolff 15.8

(Week 8: Spring Break (Feb 27- Mar 4), no class)

IV. Conditions Facing the Poor: Crime, Health Care & Homelessness in America

Week 10 –Is Crime an Outcome of Poverty?

8.1 School to Prison Pipeline

- American Bar Association. The emergence of the School-to-Prison Pipeline.
- Bacher-Hicks (2019). The School to Prison Pipeline: Long-Run Impacts of School Suspensions on Adult Crime.

8.2 Representation of the poor

- Ouss & Stevenson (2019). Evaluating the impacts of eliminating prosecutorial requests for cash bail.
- Dobbie et. al. (2018). The effects of pre-trial detention on conviction, future crime, and employment: Evidence from randomly assigned judges
- Stevenson (2018). Distortion of Justice: How the inability to pay bail affects case outcomes.
- Agan et. al. (2020). Is your lawyer a lemon?

8.3 Policies to reduce crime

- Doleac (2017). Empirical evidence on the effects of Ban the Box policies.
- Palmer et. al. (2019). Does emergency financial assistance reduce crime?
- Freedman & Owens (2011). Low-income housing development and crime.

Extra Credit: Probable causation podcast eps 7 - Spillover Effects of Incarceration (cycle of poverty)

Week 11: Public Policy Guest Lectures

Guest: TBA

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Week 12: Is Poor Health an Outcome of Poverty?

11.1 Examining the link between income and health

- How does income affect health?
- Empirical evidence in the US & Globally
- Health Affairs Health Policy (2018). Health, Income, & Poverty: Where We Are & What Could Help.
- Goodman & Conway (2016). Poor Health: When Poverty Becomes Disease.
- Murray (2006). Poverty & Health.

11.2 Policies to reduce health disparities

- Health insurance and the poor (CHIP, Affordable Care Act)
- Garfield et. al. (2019). The Uninsured and the ACA: A Primer.

Week 13: Is Homelessness an Outcome of Poverty?

12.1. Overview

- **Evans et. al. (2019). Reducing and Preventing Homelessness: A Review of the Evidence and Charting a Research Agenda

12.2. Where does the poor live?

- **Glaeser et. al. (2008). Why do the poor live in cities? The role of public transportation
- Humphries et. al. (2019). Does eviction cause poverty? Quasi-experimental evidence from Cook County.
- Collinson & Reed (2019). The effects of evictions on low-income households.

12.3. Reducing and preventing homelessness: Public policy and evaluations

- Evans et. al. (2019). Reducing and preventing homelessness: lessons from Randomized evaluations (JPAL)
- A Summary Overview of Moving to Opportunity: A Random Assignment Housing Mobility Study in Five U.S. Cities (Chetty)

Week 13: Exam 2

- **April 12: Exam 2 (tentative)**
- Global Poverty I

V. Global Poverty

Week 14 – April 12: Global poverty I

14.1. Causes and Millennium development goals, Poverty traps, Kuznets curves.

- **Poor Economics: Ch. 1-5

14.2. Conditional cash transfers

- Mexico's Oportunidades Program
- **The economic rationale for Conditional Cash transfers

Week 15 – April 19: Global poverty II

15.1 Experiments in development (Nobel Prize 2019)

- *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

15.2 More experiments in development.

- **Poor Economics: Ch. 6-10

Final Presentations

- **April 26th: Final Presentations**

Course and University Policies

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 the past, grades have been consistently curved upward.

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.

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

No electronics. I strongly urge a no electronics policy. This includes cell phones, tablets, etc. Any student needing an exception to this rule is welcome to discuss at office hours to make their case. If an exemption is provided, this will be removed if the item is used in a disruptive manner. Computers are only allowed for note taking.

Attendance: Students are responsible for obtaining any missed lecture notes from their classmates. The presumption of your registration for this course is that you are able to attend class, arrive on time, and stay for the full duration. Only medical emergencies will be considered as an excused absence.

Academic honesty: All students are expected to demonstrate honesty in their academic pursuits. Florida International University is a community dedicated to generating and imparting knowledge through excellent teaching and research, the rigorous and respectful exchange of ideas, and community service. All students should respect the right of others to have an equitable opportunity to learn and to honestly demonstrate the quality of their learning. Therefore, all students are expected to adhere to a standard of academic conduct, which demonstrates respect for themselves, their fellow students, and the educational mission of the University. All students are deemed by the University to understand that if they are found responsible for academic misconduct, they will be subject to the Academic Misconduct procedures and sanctions, as outlined in the Student Handbook. Academic Misconduct includes (but is not limited to) giving or receiving assistance on a test, quiz, or homework assignment for which such assistance is not permitted, falsifying a document to obtain an excusal from a test, having another person use a phony ID to take a test for you, and using unauthorized notes on a test or quiz. I encourage you to read FIU's academic integrity policy: <http://integrity.fiu.edu/misconducts.html>

Disability Accommodations: If you have a documented disability, please bring your documentation to me as soon as possible so that I can make suitable accommodations for you. If you believe that you have a disability and desire accommodation, please register with the Disability Resource Center, GC 190 as soon as possible. The FIU Disability Resources Center strives to promote student success by working collaboratively with students, faculty and staff to create an inclusive educational environment. The university is committed to advancing students learning and enhancing personal development. Any information provided will be kept confidential. Documentation of your disability will need to be sent to the Disability Resource Center (GC 190).

Religious holidays: Class instructors are required to reasonably accommodate students in class attendance and course work because of religious observances, practices, and beliefs. Students are responsible for any material covered or tested during an excused absence, but shall be given a reasonable amount of time to complete coursework including course exams and course assignments missed during their prior approved absence. The approved make-up assignment and examination must be equivalent in content, type, and grading scale to the missed coursework. Students who desire to be excused from class or coursework to observe or practice their religious beliefs should notify all instructors preferably upon receipt or access to the syllabus, but in no case later than two (2) weeks before the religious observance or practice. A student who has requested to be excused from class or coursework for a religious observance or practice is not required to provide a second party certification of the reason for the absence.

Nondiscrimination Statement: FIU promotes a culturally diverse and inclusive working and learning environment where current and prospective faculty, staff, and students are treated fairly and valued for their individuality. If any applicant, employee, or student has a good faith belief that they have been discriminated against or harassed based on age, color, disability, gender, marital status, ethnic/national origin, race, religion, retaliation, sexual harassment, or any other protected category, the Office of Civil Rights Compliance and Accessibility (CRCA) encourages him/her to complete the Discrimination, Harassment, and Retaliation Form and submit it to our office on the Modesto A. Maidique Campus in PC-220. CRCA will investigate the complaint in accordance with [University Policy and Procedures](#).

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