POVERTY, INEQUALITY AND PUBLIC POLICY

PUBLIC POLICY 736, POLITICAL SCIENCE 736, SOCIAL WORK 858
FALL 2015

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This seminar 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? What roles do increases in inequality, declines in marriage rates, mass incarceration, structural economic changes, skill bias, education, and changing social norms play in generating and reproducing poverty and lack of opportunity?

The first ten weeks of this course (Topics 1-9) focus on social science theory and evidence about the causes, consequences and costs of poverty. The last three weeks of the course (Topics 10-12) examine crime policy, the Minimum Wage, and the Children’s Defense Fund Proposal: End Child Poverty Now.

Short Paper Requirements (All Students)

Students are required to write nine short (3-5 typed pages) papers on the topic areas. All students must write papers on Topics 4, 5, 7 and 9 (Oct. 7, Oct. 14, Oct. 28, Nov. 11). Seven papers must be on topics 1-9. One paper must be on topics 10-12. Students cannot write any of their required short papers on their group presentation topic. Each paper should cover a single week’s required readings. Papers are due on the days readings are required. No late papers will be accepted. 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 number of required papers. The second paper can be turned in one week later than the first paper.

What should these short papers cover? Papers will be graded on the thoughtfulness of the response. Try to respond to (not summarize) the readings. Papers should both address the
readings and show a clear understanding of the readings. Papers could evaluate the arguments and evidence in a reading; could link the readings to arguments and evidence covered in prior class readings, lectures, and discussions; or could lay out how the readings could inform policy. Papers should make an argument, be clear and organized, and have no misspellings, typographical errors, or grammatical errors. Papers with misspellings, typos or grammatical errors will not receive the top grade of A.

**Joint Class Presentation Requirement (Masters and 1st Year PhDs)**

Students are also required to make a joint class presentation and lead a discussion group on that presentation once during the last three weeks of the course. Students will be assigned to one of three policy groups on October 14. The students in each group will cover the arguments and evidence for and against a particular set of proposals for crime policy, the Minimum Wage, or the Children’s Defense Fund Proposal: End Poverty Now. 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. Similarly, you could choose a briefing format, debate format, role-playing interactive format, a TV-show format, etc. There are two requirements. There should be an hour put aside for questions/discussion from the class. 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. Students **cannot** write a short paper on their group presentation topic. 

**Note:** Depending on class size, I may assign a fourth policy topic. I have included readings for several potential issues under Topic 13.

All students are expected to attend their classmates’ presentations (Nov. 18, Dec. 2, and Dec. 9). This is a prerequisite for the class. If you are absent during any presentation without prior approval from Professor Corcoran, your grade will automatically drop one-third of a letter grade.

**Research Proposal Requirement (Advanced PhDs)**

Students must write a proposal which reviews the literature and proposes a research study on a poverty-related topic. Students considering writing their third-year papers, prelim papers, or thesis in this area should use this proposal to explore a possible topic. Your goal is to design a proposal for a publishable paper. Forty percent of your grade will be based on this proposal. The schedule for this proposal is as follows:

**TOMORROW:** Start thinking about possible topics. This can be the hardest part of your proposal. Make a list of 2 or 3 possibilities, discuss them with relevant faculty, make an appointment to see Professor Corcoran if that would help, and do some background reading on each topic so you have some idea of what has been done. Don’t settle on a topic until you have done some reading, have a question that research could help answer, and have some idea about how (what evidence) you might go about answering it.

**September 30:** Email Professor Corcoran a brief description of your proposed topic and research question. Hand in a hard copy version in class.
October 1-8: Make an appointment with Professor Corcoran to discuss the topic.

November 11: Submit a revised research question, and a 5-15 page literature review of research relevant to your question. This review should include a brief discussion of how answering your question will add to what is already known and a brief outline of kinds of evidence you will use to answer the question. Hand in a hard copy in class and email me an electronic copy.

December 9: Submit a 10-20 page proposal that includes: (1) a brief statement of problem, (2) a literature review showing how you will add to past research, (3) a brief explanation of the relationship of your work to current theories of poverty, and (4) a research plan. For example, if results of past studies disagree, you should suggest possible reasons for these discrepant results and show how your analysis might resolve this controversy

Discussion/Attendance Requirements (All Students):
This is a seminar, and all students are expected to arrive on time, to have read the assigned articles prior to the session in which they will be discussed, to attend class regularly, and to participate in class discussion. Students should be prepared to talk on the discussion questions at the end of each topic area. Each student will be asked in class to summarize a week’s readings and to critique particular readings at least once. This seminar meets 13 times this semester and is two hours long. Arriving on time and attending class regularly is required. If students miss more than two classes or are consistently late to class, their grades will automatically drop one-third of a letter grade. Thus, a B+ would become a B.

Laptop Policy: No laptops allowed in class.

Grading (Masters and 1st Year PhDs):
Grades will be based on the short papers (70 percent), class discussion (10 percent) and the class presentation (20 percent).

Grading (Advanced PhDs): Grades will be based on short papers (50 percent), class participation (10 percent) and research proposals (40 percent).

Grading of Class Participation:
Listening is as important as speaking in class participation. Students who are more comfortable listening than talking can receive full credit for class participation.

Readings
Required readings are marked with an *. All required readings on a topic area should be read on the day lectures on that topic begin. Most required papers/articles are available from the web. Required articles not available on the web have either been put on reserve in the 3120 Weill Hall, or in the online course pack at: http://www.ctools.umich.edu

The following books are required for the course.
K. Edin and L. Shaefer. $2 a Day: Living on Almost Nothing in America.
K. Edin and M. Kefalas. *Promises I Can Keep*
K. Edin and T. Nelson. *Doing the Best I Can*
K. Newman, *No Shame in My Game*
A. Goffman, *On the Run*

**Interesting Web Sites:**
- American Enterprise Institute: [http://www.aei.org](http://www.aei.org)
- Census Bureau: [http://www.census.gov](http://www.census.gov)
- Center for American Progress: [http://www.americanprogress.org](http://www.americanprogress.org)
- Center on Budget and Policy Priorities: [http://www.cbpp.org](http://www.cbpp.org)
- Center for Law and Social Policy: [http://www.clasp.org](http://www.clasp.org)
- Future of Children: [http://www.futureofchildren.com](http://www.futureofchildren.com)
- Heritage Foundation: [http://www.heritage.org](http://www.heritage.org)
- Institute for Research on Poverty: [http://www.ssc.wisc.edu/irp](http://www.ssc.wisc.edu/irp)
- Joint Center for Poverty Research: [http://www.jcpr.org](http://www.jcpr.org)
- Manpower Demonstration Research Corporation: [http://www.mdrc.org](http://www.mdrc.org)
- National Poverty Center: [http://www.npc.umich.edu](http://www.npc.umich.edu)
- Urban Institute: [http://www.urban.org](http://www.urban.org)
- Stanford Center for the Study of Poverty and Inequality (SCPSI): [http://www.stanford.edu/group/scspi](http://www.stanford.edu/group/scspi)

**TOPIC 1. THE MEASURE OF POVERTY; TRENDS IN POVERTY, INEQUALITY, AND WEALTH (SEPTEMBER 9 AND 16)**

**NOTE:** IF YOU WRITE A SHORT PAPER FOR TOPIC 1, I RECOMMEND ADDRESSING THE READINGS UNDER PART II, III OR IV.

**Part I. Concepts and Measures of Poverty (Sept. 9)**
Definitions of poverty/economic disadvantage embody assumptions about what is necessary to insure full participation in a society. These assumptions guide the design of public policies—tax policies, education policies, labor policies, anti-poverty policies. Measures of poverty are used to set criteria for program eligibility (e.g., Food Stamps) and to monitor the effectiveness of anti-poverty interventions. The U.S. measure of poverty is an absolute measure based on family size that is updated annually for inflation. Europeans have a broader conception of economic disadvantage which encompasses social exclusion on multiple dimensions. Sen proposed a capability measure. When analysts compare poverty rates across countries they typically use a relative income-based measure of poverty—e.g., incomes less than half the national
median income. Measures of poverty reflect beliefs about why people are poor and about the ramifications of poverty.


Part II. How Well Does the Poverty Measure Pick Up Quality of Life? (Sept. 16)


Part III: A Rising Tide No Longer Lifts all Boats: Trends in Economic Growth, Income Inequality, and Wealth Inequality (Class Lecture, Sept. 16)
In the Post-War Boom, a rising tide lifted all boats. From 1949-1972, real incomes doubled for all income groups; income inequality narrowed a bit; and poverty rates dropped. Since the 1980’s, the benefits of economic growth are not equally shared; income inequality has grown and wealth and wealth concentration has grown.


**Part IV: The Great Gatsby Curve (Class Lecture, Sept. 16)**

Cross-national comparisons of industrialized countries show a strong positive correlation between income inequality and intergenerational inequality. If inequality increases over time within a country (as it has in the United States), should we expect to see a parallel reduction in intergenerational income mobility? I.e., will it be harder to move from “rags to riches”? Explain your reasoning.

**Note:** Whether or not rates of intergenerational economic mobility have changed, the U.S. clearly has a lower rate of intergenerational mobility than do most western industrialized nations.


http://www.nytimes.com/2014/02/16/business/yes-the-wealthy-can-be-deserving.html?_r=0


http://milescorak.com/2013/06/18/income-inequality-equality-of-opportunity-and-intergenerational-mobility/


The top federal marginal income tax rate was 70% in 1981. It dropped to 50% 1982-1986 and then dropped even further to 28% to 31% between 1988-1992. It rose to 39.6% between 1993 and 2002; dropped to 35% 2003 to 2011, is currently 39.6%. The top marginal long term capital gains tax rate was about 40% in 1977, ranged between 20% and 30% 1978-2002, then fell to 15% from 2003 to 2012, and rose to 20% in 2013. It is now affectively 23.8% due to the ACA (Affordable Care Act) leveraging an additional 3.8% Medicare Tax on investment income over 200K/250K.


**Discussion Questions – Topic 1**

1. Can “a rising tide lift all boats?” Does economic growth always reduce poverty? Has the relationship between growth and poverty changed in recent decades? (Danziger, Saez)
2. Why do Rector (2012) and Rector and Sheffield (2011) argue that current poverty measures exaggerate the incidence of hardship? Assess their argument (See Lowry, Boteach and Cooper 2011)
3. Describe changes in income inequality since 1980 (Saez). What, if anything, are the implications of the growth of income and wealth inequality for equal opportunity? (Mankiw, Reeves, Sawhill, Boushey, Mathur) Explain your reasoning.

4. Social inclusiveness and capability measures focus on the normative and ethical responsibility of government while absolute measures focus on the economic safety net. Which method is preferable? Explain your reasoning. Address both ethical and practical concerns (Haveman).

5. Compare the U.S. Official Measure (OPM) to the new Supplemental Poverty Measure (SPM). What are the key differences between these measures? What components of the SPM lead to the biggest drops in poverty relative to the OPM? What components of the SPM lead to the biggest gains? How does using the SPM change the demographic profile of the poor? (Johnson and Sneeding)

6. Should assets and debts be considered when measuring poverty? Explain.

**TOPIC 2. THE GROWING IMPORTANCE OF COLLEGE, THE DECLINE IN MIDDLE SKILL JOBS(SEPT. 22)**

Since 1980, mean real wages rose for college educated workers and dropped for workers with a high school diploma or less. As a result, the “college wage premium” grew steadily. Since the 1980’s, employment of men without a college degree has declined, employment growth has been concentrated in high-skill, high-wage jobs and low-skill, low-wage jobs and middle skill jobs have been disappearing.


D. Autor. 2014. “Skills, Education and the Rise of Earnings Inequality Among the Other 99 Percent.” Science, 843-851 (See Figure 2) [http://www.sciencemag.org/content/344/6186/843.abstract](http://www.sciencemag.org/content/344/6186/843.abstract)


DISCUSSION QUESTIONS: TOPIC 2
1. Outline Duncan and Murnane’s claims in chapters 2 and 3.
2. If the payoff to college has risen so much, why aren’t children of low-income parents graduating from college at higher rates?
3. Since 1980 college has increasingly become a prerequisite for a successful economic life. The sticker cost of college outpaced inflation over the same period. At the same time gaps in income between rich and poor children widened and gaps in other family advantages (income, college-educated parents, living in an intact family, having a parent without a criminal record) widened between rich and poor children. Review and evaluate arguments and evidence about the implications of this for equal opportunity in the U.S.

TOPIC 3. DO NEIGHBORHOODS MATTER? (SEPT. 30)

Part I. Joblessness, Culture, and the Inner-City


* W.J. Wilson, 2009 More Than Just Race. Chapter 3 (C-TOOLS)


Part II. Stop and Frisk


Part III. Quantitative Evidence on Neighborhood Effects

http://economics.mit.edu/files/10552


Discussion Questions: Topic 3

1. Read, review and evaluate the model of inner city poverty outlined by Wilson. Pay attention to how political, economic, and cultural forces have affected inner-city men’s employment in the inner-city. What does this model imply for poverty policy?


3. Discuss the implications of the Chetty et al paper for our understanding of the extent to which neighborhoods matter and for policy? (Wolfers, McKinney, Leonhardt)

4. What are the pros and cons of “Stop and Frisk” – for neighborhood safety, crime prevention, individual behavior, neighborhood culture, trust in police?

All students must write a paper on *No Shame in My Game*. Students should email Professor Corcoran (marycor) and Hillary Pryor (hp pryor) with their top two preferences for the group presentation.


**DISCUSSION QUESTIONS: TOPIC 4**

1. Discuss *No Shame in My Game*. Evaluate Wilson’s arguments about work in inner cities in light of Newman’s data. How, if at all, might you change or expand Wilson’s model to deal with the Newman findings?

2. Evaluate *No Shame in My Game* in light of the two book reviews. Is Newman too “romantic” in her portrayals of Burger Barn workers?

3. How much upward mobility is there among low-wage workers? Evaluate Newman’s (*Chutes and Ladders*) evidence on this issue. What does Newman identity as key paths to mobility?

**TOPIC 5. FALLING UNDER: THE EXTREME POOR (OCT. 14)**

On October 14, Kathryn Edin and Luke Shaefer will give a talk about their new book, *$2 a Day: Living on Almost Nothing in America* at 4:00 PM in the Ford School.

*Students must attend this lecture in lieu of class, must write a paper on *$2 a Day* and must email me a copy of that paper before 3:00 PM on October 14.*


DISCUSSION QUESTIONS: TOPIC 5

1. How do Shaefer and Edin define extreme poverty? How much has extreme poverty grown since TANF replaced AFDC in 1996? What public welfare programs do extreme poor households utilize?

2. Edin and Shaefer describe the work experiences of the extreme poor in Chapter 2. What does this essay show us about the jobs available to and held by the extreme poor?
   a. Difficulties in finding a job.
   b. Scheduling variability in work hours.
   c. Variability in number of work hours per week.
   d. Working conditions – physical demands, stresses, pace of work, repetition,.
   e. Pay level, benefits, and job stability.
   f. Imbalances of power between workers, customers, and managers.

3. How do characteristics of low-wage jobs affect low wage workers’ living standards, childcare arrangements, health, and ability to remain stably employed? HINT: Recall that Jennifer Hernandez states that her goal is to earn $13/hour in a full-time job that provides steady hours and decent working conditions.

4. In 2011 almost 70 percent of very low income households spent more than half their income on housing. Only one in four income-eligible households receive housing subsidies. Discuss the housing situations of the extreme poor profiled in $2 a Day.

5. How do health issues affect their abilities to cope? Discuss.

6. Discuss how families with low cash income manage to survive.

TOPIC 6. PRISONS AND WORK (OCT 21)

Students will be assigned to policy groups.

Starting in 1980, incarceration rates have soared in the U.S. In 2008, more than one in every 100 adults and one in every nine black men ages 20-34 were behind bars. The U.S. incarceration rate in 1993 was 5 to 10 times higher than those in Western European countries and the black U.S. incarceration rate was 20 times higher than European incarceration rates. Over 30 percent of black men born in the late 1960’s who had a high school diploma or less had been incarcerated by 1999.

Incarceration has economic and civic costs. On the economic side, prison disrupts careers, can lead to stigma from employers, can break up families, and can result in temporary or permanent loss of eligibility for federal and state government benefits such as Food Stamps, cash welfare, housing subsidies, and education subsidies. On the civic side, inmates lose the right to vote not only while in prison, but also in some states while on probation, on parole or permanently. (Note: Felon disenfranchisement policies vary across states). In 2012, 2.5 percent of voting-age adults were disenfranchised due to a current or previous felony conviction. Nearly 7.7 percent of voting-age African-Americans were disenfranchised. In 31 states and in federal courts, felons are permanently banned from jury service. Over 6% of adults in the U.S. and about 30% of African-American men currently face such bans.
DISCUSSION QUESTIONS: TOPIC 6
1. How have incarceration rates changed? Which groups have been most affected by these changes? What factors does Western cite as accounting for trends in incarceration?
2. What are the consequences of incarceration for men’s long-run employment and earnings? Discuss and assess Western’s and Pager’s arguments and evidence on this issue.
3. Many states limit the civic rights (voting, jury service) of felons. What are the broader implications for political representation and democracy? Discuss

TOPIC 7. ON THE RUN (OCT. 28)
Note: All students must write a paper on On the Run


* Alice Goffman. 2014. On the Run

*A. Goffman. TED TALK: How we’re priming some kids for college and others for prison.


http://asr.sagepub.com/content/early/2014/04/02/0003122414530398.abstract

**DISCUSSION QUESTIONS: TOPIC 7**

1. Pick one major claim that Goffman makes. Evaluate the evidence and reasoning that she provides to support that claim.

2. Goffman’s methodology has been strongly criticized. Discuss these criticisms. Do you agree? Why or why not? (You will need to read The Appendix to On the Run).

**TOPIC 8. THE EITC (NOV. 4)**

When Clinton ran for reelection, he vowed to “End welfare as we know it and make work pay.” Clinton’s expansion of the EITC in 1993 was one step to make work pay.

“Policy Basics: The Earned Income Tax Credit.” CBPP

* Halpert-Meekein, Edin, Tach and Sykes, in press. It’s Not Like I’m Poor. Chapters 1, 2, 4, and 5.


**DISCUSSION QUESTIONS: TOPIC 8**

1. Review one of four assigned chapters in It’s Not Like I’m Poor. Pick one claim that the authors make and assess that claim using examples and quotes from that chapter to support your reasoning.
2. The EITC is only available to families with earned income. The EITC for childless workers is very small. Alternatives to the EITC might include higher minimum wage or a Negative Income Tax. Discuss the pros and cons of each approach.

**TOPIC 9. WHY DON’T LOW-INCOME PARENTS MARRY? (NOV. 11)**

**NOTE:** Everyone should write a paper on either *Promises I Can Keep* for Nov. 11, or on *Doing the Best I Can* for Nov. 11. Everyone should read both books.

Over an individual’s lifetime, his or her family alters constantly. Individuals leave home, marry, separate, bear children, move in with relatives—each of these events can alter the family’s economic well-being...especially for women and children. Family structure is strongly related to child poverty.

In 2006, 26.6 percent of all white non-Hispanic births were out-of wedlock, 49.9 percent of all Hispanic births were out-of-wedlock and 70.7 percent of non-Hispanic African American births were out of wedlock. Six out of ten long-term poor children live in single mother homes. Many blame the growth in single parents as the cause of increased poverty, welfare dependence, crime and drug use. Why don’t these couples marry or postpone child-bearing until after they marry?

**Part I. Women’s Perspectives**


**Part II. Men’s Perspectives**


**Part III. The Decoupling of Marriage from Fertility: Consequences for Children**

http://ann.sagepub.com/content/654/1/169.abstract

Discussion Questions: Topic 9


2. Compare the views of men and women as presented in Edin and Kefalas and in Edin and Nelson.

Topic 10. Sentencing Reforms and Prisoner Reentry Programs (Nov 18)
Reshaping the states’ sentencing policies and designing effective re-entry programs for ex-prisoners raises multiple questions. Does changing mandatory sentencing policies lead to less crime? How much does maintaining prisons cost per year? What are all the costs – economic and civic – borne by prisoners? How can one best design policies to deal with both economic and civic costs? Is there a cost to society when a sizeable minority of citizens are unable to vote, unable to serve on juries, and barred from receiving public benefits even after leaving prison? Has the prison boom created a lobby of stakeholders (private prisons, prison employee unions) who resist reforms?

Part I. Overview and Proposal
  www.cepr.net/documents/publications/incarceration-2-10-06.pdf

* “Comparing Costs- Prison vs. Princeton.” Public Administration Net Project
  www.publicadministration.net/prison-vs-princeton

Part II: Reentry Issues


  http://www.wjh.harvard.edu/soc/faculty/western/pdfs/12_prison_to_work_western.pdf
**Part III: Civic Penalties**

R. Subramanian, R. Moreno and S. Gerbreselassies “Relief is Sight? States Rethink the Collateral Consequences of Criminal Conviction. 2009-2014.” Vera Institute of Justice


**Part IV: Bail**


**Part V: Other Issues**


**TOPIC 10. MINIMUM WAGE AND LIVING WAGE LAWS (DEC. 2)**
“An individual who works full time all year should be able to afford a decent life and keep their family out of poverty.” (Obama)


**TOPIC 12: THE CHILDREN’S DEFENSE FUND (CDF) AND URBAN INSTITUTE (UI) PROPOSAL TO REDUCE CHILD POVERTY (DEC. 9)**

Activist Marian Wright Edelman Video http://video.pbs.org/video/2365429655/


**TOPIC 13: FOUR ADDITIONAL OPTIONS**

**OPTION 1: DUNCAN/MURNAANE PROPOSAL TO INCREASE INTERGENERATIONAL MOBILITY**

Duncan and Murnane, Restoring Opportunity

**OPTION 2: MY BROTHER’S KEEPER**

Boys and young men of color regardless of where they come from are disproportionately at risk from their youngest years through college and the early stages of their professional lines.

My Brother’s Keeper is a “public-private sector initiative aimed to address persistent barriers to equality of opportunity that confront young men and boys of color.” The initiative is to be funded by private donations. The budget will be roughly 100 million to 350 million over five years. The initiative have been criticized as vague, “too little too late”, a stunt to capture...
minority votes, racist and sexist. The initiative has been praised for focusing national attention on a pressing social issue in a timely non-ideological manner.


“My Brother’s Keeper Task Force Reports to the President” May 2014 http://www.whitehouse.gov/sites/default/files/docs/053014_mbk_report.pdf


OPTION 3: POVERTY AND CHILDREN PRE-K PROGRAMS


C. Brown et al. *Investing in Our Children: A Plan to Expand Access to Preschool and Child Care*.  


**OPTION 4: INCREASING ACCESS TO COLLEGE**


http://www.nber.org/papers/w19053.pdf?new_window=1


http://www.nytimes.com/2014/05/18/magazine/who-gets-to-graduate.html

http://futureofchildren.org/futureofchildren/publications/docs/23_01_04.pdf

http://www.brookings.edu/~/media/projects/bpea/spring%202013/2013a_hoxby.pdf
