

Public Policy, Care for the Poor, and Religious Activity

Economics 40540
184 Nieuwland Science Hall
Tues/Thurs: 9:30-10:45

Professor Dan Hungerman

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Economics and Econometrics
Office Hours: 439 Flanner, Tues., 2-5

Course Description:

This course will explore cutting-edge work by economists on care for the poor, considering both government and non-government activities. The course will also consider religious organizations' role on these topics and economic topics on religion more generally. The course will improve student's understanding of economic theory and empirical scientific economic research.

Textbook:

There is no textbook. I will assign readings as we go.

Course Events:

There will be a midterm, a final, and a paper.

I will give quizzes, some pre-announced (and possibly some not) to make sure people are up-to-date on the readings and assignments. If you miss class or come to class late and have missed a pop quiz, there will be no makeup.

Class Policies:

Attendance will not be kept, but it is strongly advised that you come to class.

Readings may be assigned; please read them (unless you like pop quizzes).

Cheating will not be tolerated.

I reserve the right to significantly alter a student's grade (including giving a grade of Failure) in response to serious episodes of low class attendance or poor class participation.

Laptops are allowed in class, although students planning to use email or surf the net in class should read the preceding sentence. I despise cell phones; do not use them in class.

Missing Classes:

If you participate in extra-curricular activities, please let me know early in the semester. If there is a pop quiz the date you miss class, we will try to work something out, but I will be much more sympathetic to this if your absence is communicated to me at the start of the semester. Any missed test should be conveyed, with university validation, in writing at least a week before the test. If a student misses a test without prior notice that student will be given a score of zero unless documentation of highly unusual intervening circumstances are provided. A retest will be given at my discretion, on my terms.

No Class:

I will have to cancel class a few times in the semester; I will try to communicate this in advance.

Names:

I am very bad at learning names. Please make a little "name tent" with your name on it and bring it to class and put it on your desk, so I can see the name with your face.

Grades:

Grades will be based on the midterm (25%), the paper (25%), the final (30%), and on class participation and quizzes (20%). The final will not be cumulative.

The Paper

The first few weeks in class I will ask you to look through articles published in four economics journals: *The American Economic Review*, *The Quarterly Journal of Economics*, *The Journal of Political Economy*, and *The Journal of Public Economics*. Look at the introductions and abstracts of the papers in these journals. Please select three articles that look interesting to you; they should have something to do with one of the topics listed below. You will turn in the abstracts of the three papers and I will pick one of them to be the topic for the paper you will write.

Your paper will be split into two parts. The first part will be a summary of the article you have chosen: its topic and its research methods (data, statistical process used, etc). In the second part of the paper you will discuss what you liked about the article and what you did not like, and discuss any ideas you have for how the article could be extended. We will talk about this assignment more in class throughout the semester. There is no length requirement

for the paper although it is difficult to imagine a good paper being much less than 10 pages. Papers will be graded on their discussion of the background of a paper's topic, the paper's main research questions, the papers data and methods, the papers results, your comments on the paper, and finally the clarity of your writing. Papers should definitely not exceed 20 pages in length.

Papers will be due at 5:00 pm on Monday December 5th.

Preliminary Outline of Topics:

1. Public Policy for the Poor

What is Public Economics?

Overview of Utility Maximization

Poverty

Reading: Pages 4-15 at: www.irp.wisc.edu/publications/focus/pdfs/foc212.pdf

Examples of Policies to help the poor:

1. Living wage; difference in difference estimation:

Reading: Adams, Scott, and Neumark, David (2005) "The effects of living wage laws: Evidence from failed and derailed living wage campaigns." *Journal of Urban Economics* 58, 177-202.

2. The Earned Income Tax Credit

Reading: Eissa, Nada, and Hoynes, Hillary (2005) "Behavioral Responses to Taxes: Lessons from the EITC and Labor Supply," NBER working paper 11729

3. Welfare, Food Stamps, SSI

Readings: Selections from Moffitt, Robert (ed.) *Means Tested Transfer Programs in the United States* (2003), NBER press.

4. Medicaid (Maybe)

2. Charitable Giving & Voluntarism

Basic Facts and Crowd Out

Required Readings: Andreoni, James (2004) *Philanthropy*. Working paper

Supplemental: Bergstrom, Theodore, Blume, Larry, and Varian, Hal (1986) "On the Private Provision of Public Goods," *Journal of Public Economics* 29, 25-49.

Charitable Giving & Voluntarism: Tax-Price Elasticities

Required Readings: Andreoni, James (2004) *Philanthropy*. Working paper

Supplemental: Randolph, William (1995) "Dynamic Income, Progressive Taxes, and the Timing of Charitable Contributions," *Journal of Political Economy* 103 (4), 709-738. (This is a tough read.)

Experiments on Charitable Giving

Karlan, Dean and John A. List 2007. "Does Price Matter in Charitable Giving? Evidence from a Large-Scale Natural Field Experiment", *The American Economic Review* 97(5), pp. 1774-1793.

Norton, Doug and Mark Issac (2008) "Endogenous Institutions, Reverse Crowding Out, and the Possibility of Grace" Working Paper

Faith Based giving

Gruber, Jonathan, and Hungerman, Daniel (2005) "Faith Based Charity and Crowd out During the Great Depression,"

Hungerman, Daniel (2005) "Are Church and State Substitutes? Evidence from the 1996 Welfare Reform"

3. Religion

More on Faith-Based charitable giving

Hungerman, (2008) "Race and Charitable Church Activity"

Gruber and Hungerman (2008) "Are Church and State Substitutes? Evidence from the 1996 Welfare Reform"

Overview:

Iannaccone, "Introduction to the Economics of Religion" (1998) *Journal of Economic Literature* (36)

Iannaccone, "Sacrifice and Stigma" (1992) *Journal of Political Economy* (100)

Religious Extremism and the Economy

Dan Chen "Club Goods and Group Identity: Evidence from Islamic Resurgence During the Indonesian"

Gruber and Hungerman "The Church vs. the Mall," *Quarterly Journal of Economics*

Religion and Education

Altonji, Elder, and Taber (2005) "Selection on Observed and Unobserved Variables," *Journal of Political Economy*

Religion and Competition

Montgomery, J "A formalization and test of the religious economies Model," *American Sociological Review*

Religion and Economic Growth

Barro, R. and McCleary "Religion and Economic Growth" NBER working paper.