

Econ 30500: The Economics of Poverty

Instructor:

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Course Description

This course examines the problem of poverty in the United States focusing on seven central questions:

(1) What is poverty (2) How is it measured? (3) Who are the poor? (4) What are the causes of poverty? (5) Who should help the poor? (6) What policies are used to fight poverty? (7) How effective are these anti-poverty policies? (8) What more needs to be done?

Learning Goals

It is my hope that by the end of the course you will:

1. appreciate the difficulty of answering the central questions;
2. develop answers despite this difficulty;
3. be familiar with the approaches that the different disciplines within the social sciences have taken in search of answers;
4. develop a special regard for the methods and contributions of economists; and
5. become familiar with the resources that will enable you to pursue these questions independently in greater depth and into the future.

Office Hours

My office is 245 O'Shaughnessy. My office hours are by appointment. When requesting an appointment, please indicate two or three times that are convenient for you and I will do my best to choose one of these times.). Most days I will be working in my office and you are welcome to drop in. It is better, but not necessary, to call ahead. Feel free to call me at home (233-4581) on weekdays after 9:00 a.m. and before 9:00 p.m.

The following books are available at the ND Bookstore:

Required Books

- Bradley Schiller, *The Economics of Poverty and Discrimination*, **tenth edition**, Prentice Hall, 2008.
- Jason DeParle, *American Dream: Three Women, Ten Kids, and a Nation's Drive to End Welfare*, The Penguin Group, 2004.
- National Urban League, *The State of Black America 2007: Portrait of the Black Male*. The Beckham Publications Group, Inc., 2007.

Internet Documents

In addition to these books, you will need to consult several documents available on the Internet. Their titles and urls are listed in the *Course Schedule* below.

You may also want to peruse the following publication:

- Council of Economic Advisors, *Changing America: Indicators of Social and Economic Well-Being by Race and Hispanic Origin*, September 1998. May be downloaded at:
<http://www.access.gpo.gov/eop/ca/pdfs/ca.pdf>

I am not assigning this document because it presents data that are a decade old. Nonetheless, the differentials by race depicted here are startling, and persist today.

Poverty News

The Institute for Research on Poverty at the University of Wisconsin-Madison provides a free email news service entitled the *Poverty Dispatch*. Please subscribe to this news service by emailing rsnell@ssc.wisc.edu.

Economics 335: The Economics of Poverty

and asking for a subscription. Periodically reviewing the links he will send you is an excellent way to discover what issues are current as well as the variety of ways our 50 States respond to these issues.

Electronic Reserves

Several of the reading assignments are available from Electronic Reserves (eReserves) at the Hesburgh Library site, <https://www.library.nd.edu/reserves/ereserves/search.cgi>. Choose our course (ECON 30500) and select the appropriate reading.

Lectures

Most of my lectures is illustrated by a PowerPoint presentation. These presentations are available on my web site (<http://www.nd.edu/~jwarlick>). On the web site, select "Courses" and then under Fall 2008, ECON 30500, choose "Lectures." Please review the appropriate ppt presentation before coming to class and identify any questions you wish to ask about the slides.

Course Work and Grading System

Course work includes a group research project and midterm and a final exams. The weight assigned to each of these in the determination of the course grade is as follows:

Class Project	35 percent
First hourly exam	20 percent
Second hourly exam	20 percent
Final exam	25 percent

Research Projects

Each student must engage in analysis of a poverty issue outside of class. Students may work together in groups of up to three to produce a report on a topic raised by our class materials. You may choose from the topics listed below, or you may propose another topic subject to my approval. It is particularly important that you do not choose too broad a topic. In fact, you may wish to narrow the scope of a topic listed below.

Once formed, your group should organize itself and assign responsibilities fairly and by consensus. Please note the deadline for submitting to me a description of your research topic and the names of your group members if you chose not to work alone.

Note that some projects involve interviews with relevant community officials and that you will need to provide your own transportation to downtown offices. As a general rule, a least two members of a team should be present for every interview. All projects should also involve the evaluation of data gathered either from published sources or interviews. You may **not** interview low-income individuals because that would require approval of Notre Dame's Committee on the Use of Human Subjects, and we do not have time to write a prospectus and have it approved.

I will require you to report your progress to me periodically. The reports will take the form of written status reports and group meeting with me as they are needed. These meetings will be held outside of class at mutually convenient times. You should feel free to consult with me frequently and at any time during the project. It is especially important for me to approve the questions you plan to ask during your interviews. Failure to meet the deadlines for written reports will result in a .33 deduction from the final grade for your project. The maximum grade is 4.00.

Depending on the number of groups and chosen topic, we may share research through class presentations or a poster session. More on this later in the semester.

POSSIBLE TOPICS

Economics 335: The Economics of Poverty

1. The extent of hunger in Saint Joseph County and or the Michiana area, and an evaluation of the programs design to address hunger
2. An analysis and preliminary evaluation of the privatization of welfare services in Indiana
3. An analysis of crime and poverty in the South Bend area (with a possible focus on gang activity and/or incarceration rates)
4. Programs for single fathers (or the absence of such programs)—what programs would South Bend officials welcome
5. An evaluation of work opportunity programs for low-skilled workers in Michiana
6. An analysis of the availability and affordability of child care for low-income families in the South Bend area
7. An analysis of poverty among the elderly and programs for them in the South Bend area
8. An analysis of bankruptcy among the poor of South Bend
9. An analysis of low-income housing and the living arrangements of low-income families and persons in the South Bend area
10. Minimum wage jobs in South Bend—What are they and who would be helped by an increase in the minimum wage?
11. Creation of a multifaceted plan to address poverty in South Bend
12. The feasibility of building low-cost green homes

Artistic Alternative to Class Project

Those of you with theatrical talent may wish to opt to perform for the class the stage production of Barbara Ehrenreich's *Nickel and Dimed* by Joan Holden. The script calls for four women and two men. I can loan you a copy of this play if you wish to consider this option. In this instance, class members viewing the play will help me grade the performance.

Midterm Exam and Final Exam

The hourly and final exams will be a combination of true/false, multiple choice, matching, short answer, and essay questions. The questions will be based on the assigned readings and class discussion. *Students with documented learning disabilities should consult me for alternatives.*

Makeup exams will only be administered for students whose absence is excused. Valid reasons for absences include job and internship interviews, illness, medical emergencies or deaths involving family members, participation in official university events, and so on. **Please notify me in advance *in writing* if you foresee that you will miss an exam. It is up to you to explain your absences.** If I do not receive a written explanation, I will count your absence as unexcused and you will not be allowed to make up the exam.

Requests for re-grading examinations must be made in writing no later than one class day after the exams have been returned.

Economics 335: The Economics of Poverty

Attendance Policy

Attendance other than for exams is encouraged but not required.

Honor Code

My expectations regarding the sources you may consult including your classmates will be specified on each assignment. Deviations from my instructions will be considered a violation of the honor code.

Calculation of Course Grade

You will receive a numerical grade on your project. Your performance on the exams will be indicated by a letter grade. Each letter grade has a corresponding numerical value as follows:

A	4.00	B	3.00	C	2.00	F	0.00
A-	3.67	B-	2.67	C-	1.67		
B+	3.33	C+	2.33	D	1.00		

Your course grade will be based on the weighted-average of these numerical values. The exact formulation is: $\text{Course grade} = .35(\text{project grade}) + .20(\text{first exam grade} + \text{second exam grade}) + .25(\text{final exam grade})$. This weighted-average will be converted into a letter grade as follows:

3.75 - 4.00	A	2.75 - 3.24	B	1.75 - 2.24	C	below 0.75	F
3.50 - 3.74	A-	2.50 - 2.74	B-	1.50 - 1.74	C-		
3.25 - 3.49	B+	2.25 - 2.49	C+	0.75 - 1.49	D		

Economics 335: The Economics of Poverty

Tentative Course Schedule

Reading assignments should be completed before class on the day they are listed.

	Date	Reading Assignment
1	8-27 W	Introduction, Schiller Ch. 1: Views of Inequality and Poverty
		Measuring Income Inequality
2	9-1 M	<ul style="list-style-type: none"> • Schiller, Ch. 2: Inequality • Current Population Reports, P60-233, pp. 1-8, 21-22; and 27-38 available at http://www.census.gov/prod/2007pubs/p60-233.pdf • U.S. Census Bureau, Historical income tables—Income Inequality http://www.census.gov/hhes/www/income/histinc/inegtoc.html (See especially table IE-1) • Wolff, Edward N. "Income Inequality: Its Measurement, Historical Trends, and International Comparisons," Chapter 3 in <i>Economics of Poverty, Inequality, and Discrimination</i>, eReserves • U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Indexes at http://www.bls.gov/cpi/home.htm
		Economic Justice: How much inequality is too much?
3	9-3 W	<ul style="list-style-type: none"> • Sawhill, "Still the Land of Opportunity?" Urban Institute, available at http://www.urban.org/publications/900219.html • Jack Ludwig, "Economic Status: Americans Assess Opportunity, Fairness, and Responsibility," summary of the results of the Gallop Social Audit: <i>Have and Have-Nots: Perceptions of Fairness and Opportunity, 1998. The Roper Center for Public Opinion Research, April 1999. Available at</i> http://www.globalpolicy.org/soecon/inequal/poll-usa.htm • DeParle, Ch. 1: The Pledge: Washington and Milwaukee, 1991 • Coven, "What is TANF?" http://www.centeronbudget.org/1-22-02tanf2.htm
		What is Poverty? An American Approach
4	9-8 M	<ul style="list-style-type: none"> • Schiller Ch. 3: Counting the Poor, pp. 36-60 • Sen, "Poverty as Capability Deprivation," eReserves • Current Population Report, P60-233, pp. 9, 22-23, 39 • DeParle, Ch.2 The Plantation: Mississippi, 1840-1960 • (Optional: Mary Jo Bane and David Ellwood, "Slipping into and Out of Poverty: The Dynamics of Spells," <i>The Journal of Human Resources</i>, Vol. 21, No. 1 (Winter, 1986), 1-23.) • (Optional: <i>World Development Report 2000/2001</i>, Chapter 1: The Nature and Evolution of Poverty--google "<i>World Development Report 2000/2001</i>")
		Who are the Poor?
5	9-10 W	<ul style="list-style-type: none"> • Schiller Ch. 3: Counting the Poor, pp. 60-66 • Current Population Report, P60-233, pp. 9-15, 24-25, and 45-58 • DeParle, Ch. 3: The Crossroads: Chicago, 1966-1991
		How Poor are America's Poor? A Global Perspective
6	9-15 M	<ul style="list-style-type: none"> • Schiller Ch 4: Global Poverty and Inequality • Center on Hunger and Poverty, http://www.centeronhunger.org. Take a look around being sure to visit the link, "Hunger in America." • Edin and Lein, "Making Ends Meet at a Low-Wage Job," eReserves • Center on Budget and Policy Priorities, "Poverty and Hardship Affect Tens Of Millions of Americans," http://www.cbpp.org/12-20-07pov.htm

Economics 335: The Economics of Poverty

		<ul style="list-style-type: none"> • DeParle, Ch. 4: <i>The Survivors: Milwaukee, 1991-1995</i> • (Optional: Zucchini, Trash Picking, eReserves)
7	9-17 W	First exam given in class
		Why are People Poor?
8	9-22 M	<ul style="list-style-type: none"> • Schiller Ch.5: Labor Force Participation • Current Population Report, P60-233 • DeParle, Ch. 5: <i>The Accidental Program, 1935-1991</i>
	9-24 W	• No class—Notre Dame Forum on Sustainable Energy, 3:00-5:00 pm
9	9-29 M	<ul style="list-style-type: none"> • Schiller Ch. 6: <i>The Working Poor</i> • DeParle, Ch. 6, <i>The Establishment Fails: Washington, 1992-1994</i> • (Optional, Ehrenreich, "Serving in Florida," eReserves; Newman, "Working Lives," eReserves) <p style="text-align: center;">DESCRIPTION OF RESEARCH PROJECT DUE IN CLASS</p>
10	10-1 W	<ul style="list-style-type: none"> • Schiller Ch. 7: <i>Age and Health</i> • DeParle, Ch. 7: <i>Redefining Compassion: Washington, 1994-1995</i> • DeParle Ch. 8: <i>The Elusive President, 1995-1996</i>
11	10-6 M	<ul style="list-style-type: none"> • Schiller Ch. 8: <i>Family Size and Structure</i> • Daniel Patrick Moynihan, "The Negro Family: The Case for National Action," http://www.dol.gov/oasam/programs/history/webid-meynihan.htm • DeParle, Ch. 9: <i>The Radical Cuts the Rolls: Milwaukee, 1995-1996</i> <p style="text-align: center;">SCHEDULE MEETING WITH PROFESSOR WARLICK FOR THIS WEEK IF INDICATED ON YOUR RETURNED PROPOSAL</p>
12	10-8 W	<ul style="list-style-type: none"> • Schiller Ch. 9: <i>The Underclass: Culture and Race</i> • Nicholas Lemann, "Chicago," Ch. 4 in <i>The Promised Land</i>, especially pp. 281-292, eReserves • DeParle, Ch. 10, <i>Angie and Jewell Go to Work, 1996-1998</i>
13	10-13 M	<ul style="list-style-type: none"> • Schiller Ch.10: <i>Education and Ability;</i> • DeParle, Ch. 11: <i>Opal's Hidden Addiction: Milwaukee, 1996-1998</i>
14	10-15 W	<ul style="list-style-type: none"> • Schiller Ch. 11: <i>Discrimination in Education</i> • Documentary: <i>Hard Times at Douglass High</i> • Optional Film: <i>Children in America's Schools</i> (shown out of class)
	10-20 M	Fall break
	10-22 W	Fall break
15	10-27 M	<ul style="list-style-type: none"> • Discussion of <i>Hard Times at Douglass High</i> • DeParle, Ch. 12, <i>Half a Safety Net: 1997-2003</i>
16	10-29 W	<ul style="list-style-type: none"> • Schiller Ch. 12: <i>Discrimination in the Labor Market</i> • DeParle, Ch.13: <i>W-2 Buys the Crack: Milwaukee, 1998</i>
17	11-3 M	Second exam given in class
		Who Should Help the Poor?
18	11-5 W	<ul style="list-style-type: none"> • Blank, <i>Who Should Help the Poor?</i> eReserves • U.S. Catholic Conference, <i>Economic Justice for all</i>, http://www.osjspm.org/economic_justice_for_all.aspx • DeParle, Ch. 14: <i>Golf Balls and Corporate Dreams: Milwaukee, 1997-1999</i> <p style="text-align: center;">PROGRESS REPORT ON RESEARCH PROJECT DUE IN CLASS</p>
		How Do Our Governments Help Poor People? Do Government Programs Reduce Poverty?
19	11-10 M	<ul style="list-style-type: none"> • Schiller Ch 13: <i>Welfare Programs</i> • Congressional Budget Office, <i>Economic and Budget Issue Brief</i>, "Changes in Participation in Means-Tested Programs," April 20, 2005, available at:

Economics 335: The Economics of Poverty

		<p>http://www.cbo.gov/publications/bysubject.cfm?cat=12</p> <ul style="list-style-type: none"> Familiarize yourself with <i>2000 Green Book Over of Entitlement Programs</i>, available at http://aspe.hhs.gov/2000gb/ DeParle, Ch 15: Caseworker XM128W: Milwaukee, 1998-2000
20	11-12 W	<ul style="list-style-type: none"> Continuation of Chapter 13: Welfare Programs DeParle, Ch 16: Boyfriends: Milwaukee, Spring 1999
21	11-17 M	<ul style="list-style-type: none"> Greenstein, The Earned Income Tax Credit: Boosting Employment, Aiding the Working Poor, http://www.cbpp.org/7-19-05eic.htm Center on Budget and Policy Priorities, http://www.cbpp.org/pubs/eitc.htm Scroll down the "Earned Income Credit Analyses" list. DeParle, Ch. 17: Money: Milwaukee, Summer 1999
22	11-19 W	<ul style="list-style-type: none"> Schiller Ch. 14: Social Insurance Programs Center for Budget and Public Policy, "What does the Safety Net Accomplish?" http://www.cbpp.org/pubs/accomplishments.htm DeParle, Ch. 18: A Shot at the American Dream: Milwaukee, Fall 1999 <p><i>LAST CHANCE TO SCHEDULE MEETING WITH PROFESSOR WARLICK REGARDING RESEARCH PROJECT (DRAFTS OF ACCEPTED)</i></p>
23	11-24 M	<ul style="list-style-type: none"> Schiller Ch. 15: Employment Policies DeParle, Epilogue: Washington and Milwaukee, 1999-2004
	11-26 W	<ul style="list-style-type: none"> Thanksgiving break
24	12-1 M	<ul style="list-style-type: none"> Schiller Ch. 16: Equal Opportunity Policies DeParle, <i>Raising Kevin</i>, eReserves <p><i>WRITTEN RESEARCH REPORTS DUE (IN CLASS)</i></p>
25	12-3 W	Directions for the Future
26	12-8 M	<ul style="list-style-type: none"> Schiller Ch. 17: Directions and Prospects DeParle's Recommendations
27	12-10 W	TBA
28	12-16 T	Final Exam, 4:15-6:15 Room 118 O'Shag