

ECON 4350 - Economics of Poverty and Public Policy – Fall, 2018

Instructor: Tareena Musaddiq

Time/Place: Thursday 4 30 to 7 p.m., Petit Science Center 255

Office: V-51, AYSPS

Office Hours: Thursday 9 30 to 11 a.m. or by appointment

Email: tmusaddiq1@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 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.

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. V., & Duflo, E. (2011). *Poor economics: A radical rethinking of the way to fight global poverty*. PublicAffairs.
2. Wolff, E.N. (2001). *Economics of Poverty and Inequality and Discrimination*.
3. Other assigned readings will be uploaded on iCollege

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, 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: The presumptions 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. Class attendance is strongly recommended. Experience indicates that students who attend class regularly do significantly better than students who do not. Materials for exams and homework will come from both class lectures as well as the course textbook. Students who miss a class should consult with fellow classmates to determine what they missed. Your attendance and participation will count towards your final grade.

3. Exams. There will be ***NO make-up examination***. You must take the exams on the dates indicated in the schedule. 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. You must take the final exam to pass the course. There are no exceptions. Please check that you have no conflicts for the final exam of this course. If you are missing any exam due to a school sanctioned event (such as a sports competition), you need to let me know 2 weeks in advance so I can make alternative exam arrangements with you.

For further details on university policy regarding grading, please see: <http://registrar.gsu.edu/academic-records/grading/>

During exams, I expect certain rules to be adhered to:

- All mobile devices (including cell phones, tablets, laptops, smart watches etc.) should be turned off and put away
- You must follow the instructions that are provided to you at the time of exam
- I reserve the right to move students from their seats to another seat during exam time
- I reserve the right to cancel your exam and assign a zero in case of violation of rules or display of academic dishonesty

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

<http://deanofstudents.gsu.edu/files/2016/03/2014-2015-Section-II-Academic-Conduct-Student-Code-of-Conduct.pdf>

5. Code of Conduct: All students are responsible for knowing and adhering to GSU's Policy on Academic Honesty as published in Student Code of Conduct Handbook (See <http://codeofconduct.gsu.edu/>).

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. **No late submissions of assignments will be accepted whatsoever.** If you fail to submit an assignment on time you will be given a zero on it. Copying other people's assignments will be considered plagiarism and in violation of academic honesty.

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 (lowest) quiz grade. There will be no make up quizzes whatsoever.

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.

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, followed by questions from me and the class.
2. A 4 page (12pt TNR) summary of your proposal. Provide references in an attached bibliography (not included in page count).

You may form groups of your own choice. In case you are unable to find any group members, please contact me and I will assign you randomly to a group. I reserve the right to assign additional members to a group that you may already have formed on your own.

It is your responsibility to work together in the group and make sure all individuals perform their duties. I will not accept any late submissions or excuses related to other members of the group not performing.

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.

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/~wwwfhb/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.

Communication: You can come see me during office hours. You can also reach me over email. Please note that as per university policy I will not respond to any emails other than those from your GSU email. Also, I will try my best to respond promptly to your email queries. However, I will not respond to emails at odd hours. You can expect me to respond between normal working hours of 8 a.m. to 5 p.m.

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, homework assignment and your regular presence in class.

Withdrawal: Students who withdraw after the midpoint of each term will not be eligible for a “W” except in cases of Emergency Withdrawal.

a. Withdrawal Policy: <http://advisement.gsu.edu/self-service/policies/withdrawal-policy/>

b. Repeat to Replace Policy: <http://advisement.gsu.edu/self-service/policies/repeat-to-replace-policy/>

c. Grade Appeal and Change (including Incomplete Grades) Policy:

<http://registrar.gsu.edu/academic-records/grading/grade-appeals-and-changes/>

Respect: Georgia State University values diversity and is committed to fostering and maintaining an educational environment which appreciates individual differences in all areas of operation including classroom instruction and materials. To this end, any actions, practices, or processes by any faculty, staff person, or student that discriminates against or is prejudicial toward any person or group based on race, gender, age, religion, ethnicity, nationality, disability, sexual orientation, or socioeconomic status will not be tolerated.

Please note that all rules and policies are applied to students fairly, consistently and without discrimination and exception.

Important Dates:

Classes Begin : August 20th, 2018

Late Registration: 20th August to 24th August 2018. 24th August is the last day to add/drop

Payment Due for late registration: August 27th, 2018 at Noon

Last Day to Withdraw: October 9th, 2018

Thanksgiving Break: 19th to 24th November

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 - Aug. 23rd : 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 – Aug 30th : 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 health

Week 3 – Sept 6th: Education I

Education 3.1 Human capital theory and returns to schooling.

- 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 – Sept. 13th : Education II

PS 1 Due Sept. 13th(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 Cost–Benefit Analysis Using Data from the Age-40 Follow-up.

Week 5 – Sept. 20th : Health

- Health as Human Capital (Grossman Model)
- Health and the Income Gradient
- Medicaid and Medicare

Week 6 – Sept. 27th: Exam I and MTO

- **Exam 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 et al. reading.

III. Wages and working with data

Week 7: October 4th Working with data

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

PS II Posted

IV. Policies and Programs

Week 8 – October 11th : 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.

Week 9 – October 18th: 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

PS2 Due

V. Global poverty

Week 10 – October 25th: Intro to Global Poverty & CCTs

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 – November 1st: Experiments in Development

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

Week 12 – November 8th: Women in Developing Countries

12.1 : Education

12.2 : Health

12.3 Empowerment

*Readings from VoxDev Summaries and JPAL policy briefs

Week 13-November 15th: Microfinance

* Readings from VoxDev Summaries and JPAL policy briefs

Week 14- November 29th : Exam II and Wrap Up.

Final (exam) Presentations

6th December : Final Presentations 4 15 to 6 45 p.m.

<https://registrar.gsu.edu/registration/semester-calendars-exam-schedules/summer-2018-final-exam-schedule/>