Course overview
This course will examine the nature and extent of poverty and inequality in the U.S., its causes and consequences, and the effects of government programs and policies. The first unit will cover the measurement of poverty and inequality and review the evidence for the trends in the U.S. and other developed countries. The next unit will cover the causes of poverty and inequality, with particular attention to the influences of the labor market and education. The course will then survey the main government policies and programs that affect poverty and inequality including taxes, government transfers, active labor market policies as well as labor market institutions such as unions and minimum wages. Throughout the course we will cover the policy context, in terms of reviewing prior reforms and what we have learned from them, as well as potential prospective changes. This will be layered with a more theoretical discussion of key issues in the design of programs such as the tradeoff of universal versus targeted programs, the tradeoff of distortion versus protection, the effects of in-kind versus cash assistance, pre-market versus post-market interventions, and the effects of intervening at different points in the life cycle. We will read a mix of academic papers as well as policy pieces and readings from the popular press.

Lecture Time/Place— M/W 3:30-5:00, 105 GSPP

Instructor Office Hours— Tuesday 4-5:30pm and (by appointment) in Room 345 GSPP (new building). See https://wejoinin.com/hilaryhoynes.

Course Web Site— https://bCourses.berkeley.edu. There you will find the syllabus, lecture notes (powerpoint), course readings and handouts. Check it often for all updates and current information.

Course Grade— The final grade will be determined as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 Problem sets (core concepts)</td>
<td>30%</td>
</tr>
<tr>
<td>Wednesday Discussion: discussion leads</td>
<td>20%</td>
</tr>
<tr>
<td>Scientific Paper: written summary</td>
<td>20%</td>
</tr>
<tr>
<td>Policy Brief</td>
<td>30%</td>
</tr>
</tbody>
</table>

Readings – There are no required textbooks. Readings are hyperlinked or on Bcourses.
Problem sets: There will be two problem sets that provide an opportunity for an assessment of the “core theories” of the analysis of safety net programs.

Scientific Paper / written summary: Our readings include academic papers. Once during the term, you will prepare a written summary of a paper. All papers in bold are options for scientific papers you can choose from. Hand in the summaries in class the day the paper is discussed; include a summary of the paper, its conclusions, and answers to the questions listed below. Aim for about 2 page summaries but more or less could be appropriate. The idea is dive deep into an academic paper and see what you can learn.

Wednesday Discussion / Discussion Leads: On most Wednesdays, we set aside the last 30 minutes of class to discuss a current issue. Each student will participate as part of group leads for ONE discussion. Send me your ranked top three choices, I will then assign you to a group.

Policy Brief: An end of course policy brief to discuss and analyze a policy proposal related to material in the course. Aim for 5 pages single spaced maximum, including some figures as needed. Due during RRR week.

The social contract: My goal is to have an engaging class setting where my lecturing is enhanced by our class discussions. My end of the social contract is to keep the assigned readings to a reasonable amount. Your end of the social contract is to come to class with the readings completed.

Questions to think about when reading empirical papers:
• What question does it ask?
• What data is used? What are the key variables? What is the key parameter to be identified?
• What approach is used to estimate the key parameter (experimental, quasi-experimental)? Did you find the approach convincing?
• What are the results and their interpretation?
• How does the paper relate to current policies and programs?
• What questions do you have on the paper?
COURSE READING LIST AND SCHEDULE

Part 0: QUICK TAKE ON EMPIRICS OF POLICY EVALUATION

THE EVALUATION CHALLENGE, EXPERIMENTS, QUASI-EXPERIMENTS, DIFFERENCE-IN-DIFFERENCE
   Gruber Public Finance, Ch 3
   Murnane & Willett, Methods Matter, Ch 1

Part 1: POVERTY, INEQUALITY, INTERGEN MOBILITY: MEASUREMENT AND DEFINITIONS


Part 2: POVERTY, INEQUALITY, INTERGEN MOBILITY: FACTS & TRENDS

2.1 FACTS AND TRENDS: WAGES, EARNINGS, EMPLOYMENT


2.2 FACTS AND TRENDS: POVERTY and INEQUALITY


2.3 FACTS AND TRENDS: INTERGENERATIONAL MOBILITY

Part 3: POVERTY AND INEQUALITY: CAUSES AND CONSEQUENCES

3.1 UNDERLYING CAUSES: TRENDS IN WAGE AND EARNINGS

Overview and Education
“Thirteen Facts about Wage Growth,” The Hamilton Project.

Technology, Mechanization, Trade

Gig Economy, Fissured Labor Market
Vinik, “The Real Future of Work,” Politico 2018

Bargaining Power / Monopsony

3.2 CONSEQUENCES OF POVERTY AND LOW WAGES

“No Money No Time” NYT 6/13/14

Part 4: THE ECONOMICS OF THE SOCIAL SAFETY NET

Topics: Public Assistance versus Social Insurance
Cash versus In-kind
Universal Basic Income versus “traditional welfare”
Child Allowances (Canada, proposed in U.S.)
Conditional Cash Transfers
In-work versus out-of-work
Funding in a federalist system (block grants versus uncapped entitlements)
Part 5: EVIDENCE ON THE SOCIAL SAFETY NET

5.1 THE SAFETY NET – OVERVIEW

[READ WHEN YOU CAN] CBO “Growth in Means-Tested Programs and Tax Credits for Low-Income Households Means Tested Transfers” 2013.
Eduardo Porter, “E lecting to Ignore the Poorest of the Poor” NYT 11-17-15.

5.2 [CASH WELFARE] TANF, WELFARE REFORM, BLOCK GRANTS


5.3 [INWORK BENEFITS] THE EARNED INCOME TAX CREDIT

California Budget and Policy Center, “Expanded CalEITC is a Major Advance for Working Families,” August 2017. Also see this chartbook.

5.4 [INKIND PROGAMS] FOOD AND NUTRITION PROGRAMS (SNAP)

Apt Associates, Massachusetts Health Incentive Pilot: Summary of Findings.
House Agriculture Committee Testimony on Pros and Cons of Restricting SNAP (PRO by Rachidi and CON by Schanzenbach).
5.5 DISABILITY PROGRAMS

[OPTIONAL] AUDIO: This American Life “Trends with Benefits”

5.6 HOUSING POLICIES AND THE IMPORTANCE OF PLACE


5.7 NEW IDEAS? UBI AND GUARANTEED JOBS

UBI: Hoynes and Rothstein, “Universal Basic Income in the US and Advanced Countries”, 2018. Also checkout resources on the Economic Security Project and of course the GSPP Talk Policy to Me Podcast on UBI (parts 1, 2, 3).

Guaranteed Jobs: Some recommended sources to learn more, including PolicyLink (and cites within), Center for Budget and Policy Priorities (coauthored by Paul, Darity, Hamilton), Russell Sage Journal (coauthored by Paul, Darity, Hamilton, Zaw – includes comparison to UBI). Also see video from Hamilton Project event.

6.1 MINIMUM WAGES


6.2 BARGAINING POWER, MONOPSONY, AND IMPLICATIONS FOR WAGE INEQUALITY

Farber, Herbst, Kuziemko and Naidu “Unions and Inequality over the Twentieth Century: New Evidence from Survey Data,” NBER WP 24587
Nunn, “Occupational Licensing and American Workers,” The Hamilton Project
Part 7: INTERVENTIONS THAT AFFECT INCOME-EARNING POTENTIAL

7.1 PRESCHOOL, HEAD START


7.2 Training and Active Labor Market Policies


Schaberg, “Can Sector Strategies Promote Longer-Term Effects?”, MDRC WorkAdvance, 2017


7.3 HEALTH INSURANCE


Oregon Project, “Summary of Findings” and “About the Study and “Primary Findings to Date”


Part 8: ADDITIONAL TOPICS

8.1 RACE DISCRIMINATION AND CRIMINAL JUSTICE


Agan and Starr “Ban the Box, Criminal Records, and Racial Discrimination,” QJE forthcoming

8.2 LONG TERM EFFECTS OF THE SAFETY NET


Wherry and Meyer “Saving Teens: Using a Policy Discontinuity to Estimate the Effects of Medicaid Eligibility” Journal of Human Resources.

Neil Irwin, “Supply Side Economics, but for Liberals,” NY Times, 4/16/17