

Economics 180.355  
Economics of Poverty and Inequality  
Fall 2012  
Tu Th 10:30-11:45, Dunning 206

Instructor: R. Moffitt  
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Mergenthaler 429  
Office Hours: Wed 9:00-11:00

## Syllabus

This course focuses on the economics of poverty and inequality. It covers the measurement of poverty and inequality, facts and trends over time, the causes of poverty and inequality with a focus on those related to earnings and the labor market, and public policy toward poverty and inequality, covering both taxation and government expenditure and programs. By the nature of the material, the course is fairly statistical and quantitative. Several sections make use of intermediate microeconomic concepts, so Economics 301 or an equivalent is a prerequisite. Basic knowledge of regression analysis is also helpful.

The text for the course is Poverty and Discrimination, by Edward N. Wolff, Wiley-Blackwell, 2<sup>nd</sup> Ed., 2009 (ISBN 978-1-4051-7660-6). Required supplemental readings are on electronic reserve at MSE. The course has a Blackboard website where this syllabus, the lectures, and miscellaneous materials are posted.

The schedule of lectures and readings is given below. In general, each topic will begin with lectures by the instructor and will be followed by a class discussion, usually of some scholarly economics article related to the topic. All readings on the list other than the main text are on MSE electronic reserve.

The requirements for the course are a midterm, a final, and several items for Discussion days: one long written assignment, several short written assignments, and class participation. For the long written assignment, every student will have to write one for one of the Discussion days and submit to me at the end of that Discussion day class. It should be two-to-three pages in length (single-spaced). The first half should be a summary of the readings and the second half should be a Comment on, or Critique of, the readings. On each Discussion day, the students who have been assigned the long written assignments will begin the discussion by orally summarizing their written material. On every Discussion day, students not doing a long assignment must do a short written assignment on the readings, approximately ½ to 1 page in length (single-spaced). It should consist only of a Comment or Critique on the readings, with no summary. Students doing short written assignments will turn theirs in at the beginning of that class period, not at the end. All assignments must be in hard copy, not electronic.

The overall course grade will be based on the following distribution:

Midterm	25%
Final	30%
Long written assignment	15%
Short written assignments	20%
Class participation (during Discussions)	10%

In addition, class attendance is expected and a record of poor attendance will result in a lowering of the grade.

The final exam will be Friday, December 21, 2pm-5pm.

The use of computers or smart phones or other electronic devices is not permitted in class at any time.

Make-up exams will be considered for documented medical reasons only or for religious holidays. Students who must miss a class or an examination because of a religious holiday must inform me in advance by September 15<sup>th</sup>. Any student with a disability who may need accommodation in this class must inform me by September 15<sup>th</sup> and obtain an accommodation letter from the Office of Student Disability Services, 385 Garland, 410-516-4720, [studentdisabilityservices@jhu.edu](mailto:studentdisabilityservices@jhu.edu). The senior option is not available.

Academic dishonesty: The strength of the university depends on academic and personal integrity. In this course, you must be honest and truthful. Ethical violations include cheating on exams, plagiarism, reuse of assignments, improper use of the Internet and electronic devices, unauthorized collaboration, alteration of graded assignments, forgery and falsification, lying, facilitating academic dishonesty, and unfair competition. Report any violations you witness to the instructor. You may consult the Associate Dean of Student Affairs and/or the chairman of the Ethics Board beforehand. See the guide on “Academic Ethics for Undergraduates” and the Ethics Board Web site (<http://ethics.jhu.edu>) for more information.

8/30/12

Course Schedule

Date	Topic and Readings
Sept 4	<p><b>Introduction</b>            Wolff, Chap.1 (will not discuss), Chap.16.2            Mankiw, N. Gregory, <u>Principles of Economics</u>, 5<sup>th</sup> Edition, pp.442-445.            Gruber, Jonathan, <u>Public Finance and Public Policy</u>, Worth Publishers, 2<sup>nd</sup> Ed.,2007, pp.50-55.</p>
Sept 6,11	<p><b>Measuring Income Inequality</b>            Wolff, Chap.2 (except 2.4 and 2.6 and Appendix), Chap 3 (except starred sections)</p>
Sept 13	<p><b>Discussion</b>            Piketty, Thomas and Emmanuel Saez, "Income Inequality in the United States, 1913-1998," <u>Quarterly Journal of Economics</u> 118 (February, 2003) 1: 1-39.</p>
Sept 18	<p><b>Measuring Poverty</b>            Wolff, Chap.4 (except starred sections)</p>
Sept 20	<p><b>Discussion</b>            Short, Kathleen, "The Supplemental Poverty Measure: Examining the Incidence and Depth of Poverty in the U.S. Taking Account of Taxes and Transfers," Paper presented at the 86<sup>th</sup> Annual Conference of the Western Economic Association, June, 2011            Bavier, Richard, "From NRC to SPM: What Has Not Changed?", Unpublished paper, April, 2011</p>
Sept 25	<p><b>Measuring Wealth Inequality and the Life Cycle Model</b>            Wolff, Chap.5 and Chap. 10.1-10.3</p>
Sept 27	<p><b>Discussion</b>            Pew Research Center, "Twenty-to-One: Wealth Gaps Rise to Record Highs Between Whites, Blacks and Hispanics." Washington, 2011.            Watch online video interview with Prof. Robert Lerman,  <a href="http://www.pbs.org/newshour/businessdesk/2011/09/a-broader-view-of-americas-wea.html">http://www.pbs.org/newshour/businessdesk/2011/09/a-broader-view-of-americas-wea.html</a></p>

Oct 2,4,9	<p><b>Human Capital and Education</b>  Wolff, Chap.8 (except 8.7)  Borjas, George, <u>Labor Economics</u>, Fourth Edition, McGraw-Hill Irwin, 2008, pp.12-20  Goldin, Claudia and Lawrence F. Katz, <u>The Race Between Education and Technology</u>, Cambridge: Harvard University Press, 2008, Chap.1.</p>
Oct 11	<p><b>Discussion</b>  Goldin, Claudia et al., “The Homecoming of American College Women: The Reversal of the College Gender Gap,” <u>Journal of Economic Perspectives</u>, 20:4 (Fall 2006), pp.133-56.</p>
Oct 18	<p><b>Midterm Examination</b></p>
Oct 23	<p><b>Unemployment and Unions</b>  Wolff, Chap.7 (7.1,7.2,7.5,7.6,7.7 only), Chap.9 (9.1,9.2 only, except starred section)</p>
Oct 25,30 Nov 1	<p><b>Explanations for Rising Earnings Inequality</b>  Wolff, Chap.11 (except 11.9 and 11.10)  Goldin-Katz, <u>Race...</u>, Chap.3,8.</p>
Nov 6	<p><b>Discussion</b>  Autor, David, “The Polarization of Job Opportunities in the U.S. Labor Market,” Center for American Progress and the Hamilton Project, April 2010.</p>
Nov 8,13	<p><b>Public Policy: Taxation</b>  Wolff, Chap.16 (16.3,16.4,16.6,16.7 only)  Gruber, Jonathan, <u>Public Finance and Public Policy</u>, Worth Publishers, 2<sup>nd</sup> Ed.,2007, pp.613-619.</p>
Nov 15	<p><b>Discussion</b>  Bosworth, Barry and Gary Burtless, "Effects of Tax Reform on Labor Supply, Investment, and Saving," <u>Journal of Economic Perspectives</u> 6 (Winter, 1992): 3-14 only.</p>
Nov 20	<p><b>Public Policy: Transfers I</b>  Wolff, Chap.15 (15.1 to 15.4 only)  Gruber, <u>Public Finance...</u>, pp.314-341 except Applications and Section 12.4</p>
Nov 27	<p><b>Public Policy: Transfers II</b>  Wolff, Chap.15 (15.6,15.7)  Lang, Kevin, <u>Poverty and Discrimination</u>, Princeton University Press, 2007, pp.115-125.</p>

Nov 29	<p><b>Discussion</b>  Diamond, Peter and Peter Orszag, “Saving Social Security,” <u>Journal of Economic Perspectives</u> 19 (Spring 2005): 11-20 only.</p>
Dec 4	<p><b>Public Policy: Welfare Reform</b>  Wolff, 15.5,16.5  Borjas, <u>Labor Economics</u>, pp.55-65.  Gruber, <u>Public Finance</u>,pp.488-507.  Ben-Shalom, Yonatan; Robert Moffitt; and John Karl Scholz, “Is the Welfare State Growing or Declining?” June27, 2011 Vox Online Economics Research Forum  (<a href="http://www.voxeu.org/index.php?q=node/6692">http://www.voxeu.org/index.php?q=node/6692</a>)</p>
Dec 6	<p><b>Discussion</b>  Murray, Charles, <u>Losing Ground</u> New York: Basic Books, 1984; pp.3-9; Chap.16; pp.227-233.  Mead, Lawrence, <u>Beyond Entitlement</u>, London: The Free Press, 1985, Chap 1.  Ellwood, David, <u>Poor Support</u>, New York: Basic Books, 1988, Chap.1, Chap.2 (pp.14-26), pp.236-243</p>