Economics 197 – Special Topics in Economics: Poverty, Inequality, and Discrimination
Spring 2009 Syllabus

Prof. David Bjerk
Bauer 313
Office Hours: Tuesday 3-4, Thurs 11-12, or by appointment.

<table>
<thead>
<tr>
<th>Course</th>
<th>Lecture Time</th>
<th>Final Exam</th>
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<tbody>
<tr>
<td>Econ 197</td>
<td>MW 12:00 – 1:10</td>
<td>N/A</td>
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Textbook

There will also be a class website: (http://www.claremontmckenna.edu/econ/dbjerk/Poverty197.htm)

Please familiarize yourself with this site early on and check it section regularly. On it, I will post lecture slides, problem sets, answer keys to the problem sets, and other announcements.

Course Description
This class will explore issues of poverty and discrimination from an economist point of view. The first part of the class will focus on understanding the causes and consequences of poverty, along with the different policies that have been used to address these issues. The second part of the course will focus on racial inequality and discrimination. Several theoretical models of discrimination will be developed and then evaluated within the context of the current empirical work. Finally, we will consider the various connections between the discrimination literature and the broader issues of poverty discussed at the outset of class.

Prerequisites
This class will require students to have previously taken Economics 101 (Intermediate Microeconomic Theory) and Introductory Economics 120 (Statistics) or an alternate course that fulfills the statistics requirement. However, exceptions may be made with explicit permission from the instructor.
**Learning Objectives**

At completion of this course, students will be able to:

- Understand the major causes of poverty in the United States.
- Discuss and analyze the different poverty alleviation policies in the United States.
- Understand and describe the major trends in economic inequality in the United States over the previous thirty years.
- Understand the primary theories of discrimination in the labor market.
- Evaluate and comment on empirical findings regarding racial inequality.

**Grading Criteria:**

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<tr>
<th>Component</th>
<th>Percentage</th>
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<tr>
<td>Problem Sets, Participation, &amp; Attendance</td>
<td>15%</td>
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<tr>
<td>Midterm 1</td>
<td>30%</td>
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<tr>
<td>Midterm 2</td>
<td>30%</td>
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<tr>
<td>Project</td>
<td>25%</td>
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Final Scores will be computed based on percentage of total points as follows:

- 94 -100% A
- 90 – 94% A-
- 86 – 89% B+
- 82 – 85% B
- 80 – 81% B-
- 76 – 79% C+
- 70 – 75% C
- 65 – 69% C-
- 55 – 64% D
- < 55% F


**Introduction**

Why do we care about poverty?
- Kotlowitz, Alex.(1991). *There Are No Children Here*, pp ix-32;

Who is Poor? The Dynamics of Poverty
- Lang, Chapter 2.

**Overview of Labor Market**

Labor Demand
- Borjas, Chapter 4: 104-123;
Labor Supply
   Borjas, Chapter 2: 26-45;
Equilibrium
   Borjas, Chapter 5: 164-170;
   Borjas, Chapter 6: 206-217;
   Elliot, Carl. “Guinea Pigging.” New Yorker: Jan 7, 2008;

Overview of Regression Analysis
   Lang, Chapter 1: 19-28.

Poverty Theory and Policy
   Minimum wage policy and other Labor market regulation
   Borjas, Chapter 4: 136-146.
   Lang, Chapter 5: 115-120;

   Job Training Programs
   Lang, Chapter 5: 121-133;

   Welfare and Welfare Reform
   Borjas, Chapter 2: 54-63;
   Lang, Chapter 3;
   Lang, Chapter 9;

   Health Care

   Teen Motherhood
   Lang, Chapter 6: 143-174;

   Education and Policies Aimed at Early Childhood
   Borjas, Chapter 7: 235-257;
   Lang, Chapter 8;
   Lang Chapter 6: 172-184;

Historical Perspective on Poverty Policy

Midterm #1

High Poverty Neighborhoods

Crime in High Poverty Neighborhoods

High Poverty Neighborhoods as a Developing Country
Venkatesh, Sudhir. (2007). Gang Leader for a Day (selections)

Inequality

Measuring Inequality and Explaining Rising Inequality
Borjas, Chapter 8: 284-302;

Why do we care about Inequality?

Redistribution
Lowenstein, “The Inequality Conundrum,” NYT magazine.

Tax Policy
Slemrod, “Chapter 2” from Taxing Ourselves

Racial Inequality and Discrimination

Historical Trends in Racial Inequality
Lang, Chapter 11: 283-293;

Education and Racial Inequality
Lang, Chapter 12;

Defining Discrimination/Theories of Discrimination
Lang, Chapter 10;
Inequality Across Occupational Sectors” *Journal of Human Resources*
42(2): 398-434;

Empirical Approaches to assessing racial discrimination
Lang, Chapter 11: 293-305;
Bertrand, Marianne and Sendhil Mullainathan. (2004). “Are Emily and
Greg More Employable than Lakisha and Jamal? A Field Experiment on
991-1013.
Inequality Across Occupational Sectors” *Journal of Human Resources*
42(2): 398-434;

Discrimination and the Law
Lang, Chapter 11: 307-315;
Qualified? Evidence from Employer-Employee Data on New Hires.”

Screening of “Hoop Dreams”

Midterm #2 (Last day of class)

Writing Project (Due during finals week)

Write a comprehensive review of the economics (and possibly related disciplines)
literature regarding a thesis question of your choice (pretty narrowly defined). For
example: What are the effects of dropping out of school on future outcomes? What are
the effects of welfare on teen pregnancy? What are the effects of welfare reform on child
health? What are the effects of affirmative action on minority labor market outcomes?
What do the “audit” studies of discrimination find? Find the key academic papers on the
topic and describe their arguments, the evidence for their arguments, and how the more
recent literature builds on and/or critiques the previous arguments. Conclude with your
own critiques and/or observations on what might be fruitful new research approaches in
your chosen area. The finished paper should be 10 - 12 pages double spaced not including
tables. Tables should be included if they help your discussion, but are not necessary.
Place any tables at the end of the paper but you can refer to them throughout the text.

Further Reading:
While this class focused primarily on the empirical literature in the economics discipline,
there is often a lot that can be learned from well done qualitative work. Below I’ve listed
a few ethnographies of possible interest regarding some of the issues we discuss in this
class.

David Simon, *The Corner*
Alex Kotlowitz, *There Are No Children Here*
Sudhir Vankatesh, *American Project*, *Gang Leader for a Day*
Ian Fraizer, *On the Rez*
Mitchell Dunier, *Slim's Table;*
Terry Williams, *The Cocaine Kids*