



THE ROBERT DAY SCHOOL  
CLAREMONT MCKENNA COLLEGE

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**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.

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Course	Lecture Time	Final Exam
Econ 197	MW 12:00 – 1:10	N/A

**Textbook**

Lang, Kevin. (2007). *Poverty and Discrimination*. Princeton University Press: Princeton, NJ.

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:**

Problem Sets, Participation, & Attendance	15%
Midterm 1	30%
Midterm 2	30%
Project	25%

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

**Course Outline and Readings** In readings below, “Lang, Chapter...” refers to the required textbook Lang, Kevin. (2007). *Poverty and Discrimination*. Princeton University Press. Princeton, NJ., and “Borjas, Chapter...” refers to the selections from Borjas, George (2005), *Labor Economics*, McGraw-Hill. New York, NY included on the readings CD.

### **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;

Kennan, John. (1995). "The Elusive Effects of Minimum Wages." *Journal of Economic Literature* 33:1949-1965.

DeLeire, Thomas. "The Unintended Consequences of the Americans with Disabilities Act." *Regulation* 23(1): 21-24.

### Job Training Programs

Lang, Chapter 5: 121-133;

Schochet, Peter, John Burghardt, and Sheena McConnell. (2008). "Does Job Corps Work? Impact Findings from the National Job Corps Study."

*American Economic Review* 98(5): 1864-1886;

### Welfare and Welfare Reform

Borjas, Chapter 2: 54-63;

Lang, Chapter 3;

Lang, Chapter 9;

### Health Care

Currie, Janet and Mark Stabile. (2003). "Socioeconomic Status and Child Health: Why Is the Relationship Stronger for Older Children?" *American Economic Review* 93(5): 1813-1823;

Condliffe, Simon and Charles Link. (2008). "The Relationship between Economic Status and Child Health: Evidence from the United States."

*American Economic Review* 98(4): 1605-1618.

### 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;

Carneiro, Pedro and Rita Ginja. (2008). "Preventing Behavior Problems in Childhood and Adolescence: Evidence from Head Start";

## Historical Perspective on Poverty Policy

Danziger, Sheldon. (2007). "Fighting Poverty Revisited: What did Researchers Know 40 years Ago? What do We Know Today?" *Focus* 25(1): 3- 11.

## Midterm #1

### High Poverty Neighborhoods

Crime in High Poverty Neighborhoods

Anderson, Elijah. (1999). *Code of the Street*, Chapter 2: 66-87;

Massey, Douglas. (1995). "Getting Away with Murder: Segregation and Violent Crime in Urban America", *U Penn Law Review* 143(5): 1203-1232;

Bjerk, David. (2009). "Thieves, Thugs, and Neighborhood Poverty"

High Poverty Neighborhoods as a Developing Country

Venkatesh, Sudhir. (2007). *Gang Leader for a Day* (selections)

Rosenberg, Tina. (2008). "A Payoff Out of Poverty", *New York Times Magazine*

### Inequality

Measuring Inequality and Explaining Rising Inequality

Borjas, Chapter 8: 284-302;

Bureau of Census (2000), "The Changing Shape of the Nation's Income Distribution";

Snower, Dennis. (1998). "Causes of Changing Earnings Inequality," from *Inequality Symposium Volume* from Federal Reserve Bank of Kansas City;

Why do we care about Inequality?

Frank, Robert. (1997). "The Frame of Reference as a Public Good." *The Economic Journal* 107(445): 1832-1847.

Redistribution

Lowenstein, "The Inequality Conundrum," *NYT* magazine.

Leonhardt, "Larry Summers's Evolution", *NYT* magazine.

Tax Policy

Slemrod, "Chapter 2" from *Taxing Ourselves*

### Racial Inequality and Discrimination

Historical Trends in Racial Inequality

Lang, Chapter 11: 283-293;

Heckman and Donohue. (1991). "Continuous Versus Episodic Change: The Impact of Civil Rights Policy on the Economic Status of Blacks." *Journal of Economic Literature* 29(4): 1603-1643.

Education and Racial Inequality

Lang, Chapter 12;

Fryer, Roland and Steve Levitt, (2006). "The Black-White Test Score Gap Through Third Grade" *American Law and Economics Review* 8: 249-281.

Defining Discrimination/Theories of Discrimination

Lang, Chapter 10;  
Bjerk (2006). Appendix to “The Differing Nature of Black-White Wage 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 Labor Market Discrimination.” *The American Economic Review* 94(4): 991-1013.  
Bjerk, David. (2007). “The Differing Nature of Black-White Wage Inequality Across Occupational Sectors” *Journal of Human Resources* 42(2): 398-434;

Discrimination and the Law

Lang, Chapter 11: 307-315;  
Holzer and Neumark. (1999). “Are Affirmative Action Hires Less Qualified? Evidence from Employer-Employee Data on New Hires.” *Journal of Labor Economics* 17(3): 534-569.

## 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;

Daniel Dohan, The Price of Poverty: Money, Work, and Culture in the Mexican American Barrio.

Terry Williams, The Cocaine Kids