



## **PP290: Poverty and Inequality: Facts, Causes and Policy Solutions, Spring 2022**

Professor Hilary Hoynes, [hoynes@berkeley.edu](mailto:hoynes@berkeley.edu)

**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.

**Meeting Time/Place**– M/W 3:40-5:00p ([Zoom Link](#)) and in GSPP 250.

**Instructor Office Hours**– Office hours Tuesday 12-2. [Sign up](#), [Zoom link](#). Best way to reach me is at [hoynes@berkeley.edu](mailto:hoynes@berkeley.edu).

**Course Reader** – I am delighted that Ashley Qiang (2<sup>nd</sup> year MPP) is our reader.

**Course Web Site**– <https://bCourses.berkeley.edu>. There you will find everything - syllabus, daily readings and assignments, powerpoint lecture notes, course readings, recorded lectures and all Zoom links.

**Course Grade**– The final grade will be determined as follows:

2 Problem sets (core concepts)	30%
Student led discussion (group)	30%
Scientific Paper: written summary	15%
Policy Brief	25%

**Readings** – There are no required textbooks. Readings are all on Bcourses.

**Problem sets:** There are two problem sets that provide an opportunity for an assessment of the “core theories” of the analysis of safety net programs. We strongly encourage that you work on these in small groups (and only had in one per small group).

**Scientific Paper / written summary:** Our readings include academic papers. Once during the term, you will prepare a written summary of one paper. All **papers in bold** are options for scientific papers you can choose from. Email me your summary (or bring to lecture) before we discuss it in class. 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.

**Student Led Discussions:** I am setting aside the last 5 (or 4) class meetings for student led discussions of topics around the current policy landscape of safety net programs. Time permitting, we will have two topics per class meeting – 40 minutes each. Each student will participate as part of group (of 4 students) leads for a discussion. Once we get into the class I will send a poll around to get your ranked choices as presenter.

**Policy Brief:** An end of course policy brief to discuss and analyze a policy proposal related to material in the course. Aim for 4 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 ready to discuss the material.

**The classroom climate:** We are all responsible for creating a learning environment that is welcoming, inclusive, equitable, and respectful. If you feel that these expectations are not being met, please contact me or seek assistance from [campus resources](#).

What does [OR] mean on the syllabus? For some lectures, I have two or more scientific papers listed. You do not need to read both papers – you can read either. Hence the “[OR]” on those readings.

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?

### **Special notes for special times:**

**Online course start to the semester** – As per campus recommendations, we will be starting the class fully remote. The lectures are synchronous and I will be recording the lectures to post to bCourses.

**What to do when I am sick or exposed?** – Once we are cleared to return to in person classes, I will set up a hybrid option so that those who are in quarantine or who are ill can attend class.

### **How to communicate with me?**

**Please use email as the primary communication with Professor Hoynes!** I am sure you want a Slack channel for the class. If course that is great. However, this is for student to student communication. Professor Hoynes will not be monitoring the Slack channel.

### **Other Items**

**Late policy and dean's note:** Even in normal times, we are all juggling many responsibilities outside our classes. The current environment creates additional uncertainty. Our goal is to strike a balance that allows for individual circumstances while still enforcing some structure for the course. First, we will not, in general, accept late submissions for this course. We're adopting a "dean's note" policy that has worked well in previous courses: I will only grant an extension with a written request from a GSPP dean (e.g., Annie Campbell-Washington). In the past, this process has served as an important mechanism for ensuring that students are connected with appropriate campus resources while preserving student privacy. You're also welcome to come to the teaching staff directly to discuss extensions, but (barring exceptional circumstances) this would be in addition to a GSPP dean's note.

**Honor Code and Academic Honesty Policy:** We at UC Berkeley have adopted this Honor Code: "As a member of the UC Berkeley community, I act with honesty, integrity, and respect for others." Your instructors join you in pledging to adhere to this code. We take academic honesty very seriously, especially now that all of our instruction is online. I urge you to spend time familiarizing yourself with the [rules of academic conduct](#) and ask if you have any questions.

**Special Accommodations.** If you require disability-related accommodations or if you have emergency medical information that you wish to share, please let me know as soon as possible.

**Wellness and support.** Being in graduate school can be difficult. We will be a stronger community if we all try to reach out when we see someone struggling, and/or support each other as we go through challenges. In practice, that means a few things:

- If you need to bring a child or other dependent to class for whatever reason, they are more than welcome!
- If material discussed in class is triggering or may be triggering, feel free to leave at any time and/or talk to me about making other arrangements.
- If at any point you're struggling for any reason, I urge you to reach out to the teaching team or available services including [Be Well Cal](#) and [Counseling services](#). Please note that I am not allowed to keep reports of sexual harassment or sexual violence confidential, but if you need confidential resources, they are available to you through the [CARE Advocate Office](#).

## COURSE SYLLABUS

### 1. COURSE INTRODUCTION AND OVERVIEW / COVID & SAFETY NET RESPONSE

January 19 Bitler, Hoynes and Schanzenbach “The Social Safety Net in the Wake of COVID-19”,  
Brookings Papers on Economic Activity, 2020.

### 2. MEASUREMENT AND DEFINITIONS: POVERTY, INEQUALITY

January 24 Stone and all, CBPP, “[A Guide to Statistics on Historical Trends in Income Inequality](#),”  
January 2020.  
Economic Report of the President, “The War on Poverty 50 Years Later: A Progress  
Report,” Ch 6 in 2014 EROP, pp. 7-14.  
Columbia Center on Poverty and Social Policy, Tracking poverty during COVID, [Initial  
Report, most recent update, Data](#).  
Schanzenbach “[Who Does Not Have enough to Eat in America](#),” Econofact. Nov 2020.

### 3. FACTS & TRENDS

January 26 Wages, Earnings, Employment, Poverty, Inequality, Inequalities by race and gender  
“Thirteen Facts about Wage Growth,” The Hamilton Project.  
Cook, Lisa “[Racism Impoverishes the Whole Economy](#)”, NY Times 11/22/20.  
Economic Report of the President, “The War On Poverty 50 Years Later: A Progress  
Report,” Ch 6 in 2014 EROP, pp. 15-24.  
Piketty and Saez, “Inequality in the Long Run,” Science, 2014. pp. 838-839.  
CEA, “The Long Term Decline in Prime Age Male Labor Force Participation” Council of  
Economic Advisors, June 2016, pp 5-15. [EXEC SUMMARY is sufficient]

### 4. INTERGENERATIONAL MOBILITY

January 31 [OR] Chetty et al “Where Is the Land of Opportunity? The Geography of  
Intergenerational Mobility In The United States” Quarterly Journal of Economics,  
2014.  
[OR] Chetty, Hendren, Jones, Porter “Race and Economic Opportunity in the United  
States: An Intergenerational Perspective,” Quarterly Journal of Economics 2019.  
Or see: [nontechnical summary](#), [NYT Upshot](#).  
[OR] Jacome, Kuziemko, Naidu, “Mobility for All: Representative Intergenerational  
Mobility Estimates over the 20th Century,” NBER wp 29289.  
Hardy and Logan “[Race and the lack of intergenerational economic mobility in the US](#),”  
[Black scholars giving historical and policy perspective on Chetty et al paper.] WCEG  
Vision 2020, Feb 2020.

## 5. QUICK TAKE ON LABOR MARKET CAUSES OF TRENDS IN EARNINGS, INEQUALITY

*Education, Technology/Automation, Trade, Gig Economy, Fissured Labor Market*

- February 2      Autor “Skills, education, and the rise of earnings inequality among the other 99 Percent,” *Science* 2014, pp 845-851.  
Autor, “International trade and U.S. worker welfare: understanding the costs and benefits,” Washington Center for Equitable Growth. October 31, 2016.  
Katz and Krueger, “Understanding Trends in Alternative Work Arrangements in the U.S.,” RSF Journal 2019.

## 6. THE ECONOMICS OF THE SOCIAL SAFETY NET

TOPICS Labor supply and the social safety net

Public Assistance versus Social Insurance, Cash versus In-kind

Universal Basic Income versus “traditional welfare”, in work vs out of work assistance

Program take-up, administrative burdens, and behavioral insights in policymaking

Economics of Social Insurance

Automatic Stabilizers – what, when, why

February 7 & 9 Labor Supply and the Social Safety Net

Gruber Ch 2 (Sections 2.1-2.2)

Gruber Ch 17 (Sections 17.2-17.5)

Hoynes and Rothstein, Universal Basic Income in the United States and Advanced Countries,” Annual Review of Economics 2018.

**PROBLEM SET #1 HANDED OUT TODAY**

February 9      In-kind Transfers and Consumption Decisions

February 14      Take-Up, Administrative Burdens, and Behavioral Insights in Policymaking

Gennetian and Shafir “The Persistence of Poverty in the Context of Financial Instability: A Behavioral Perspective,” Journal of Policy Analysis and Management, 2015.

Smeeding, Review of *Administrative Burden: Policymaking by Other Means*, Herd and Moynihan, Journal of Policy Analysis and Management 2019.

Annie Lowry, Time Tax, The Atlantic, 2021.

February 16      The Economics of the Child Tax Credit & Economics of Automatic Stabilizers

Boushey et al, The Damage Done by Recessions and How to Respond, in Recession Ready, Washington Center for Equitable Growth & Hamilton Project, 2019.

## 7. EVIDENCE ON THE SOCIAL SAFETY NET

- February 23 7.1 Cash Welfare: TANF, Welfare Reform, Block Grants  
 Bryce Covert, “The Myth of the Welfare Queen,” The New Republic, 2019.  
 Bitler and Hoynes, “Strengthening Temporary Assistance for Needy Families,” The Hamilton Project, May 2016. Or see [policy brief](#)  
 Haskins, Danziger et al “Point Counterpoint on TANF”, Journal of Policy Analysis and Management, 2016.  
 [OPTIONAL VIDEO] New York Times on [Welfare Reform](#)  
 [OPTIONAL PODCAST] For those wanting a deep dive on the history of welfare reform see Season 1 of [The Uncertain Hour](#).  
**PROBLEM SET #1 DUE TODAY**
- February 28 7.2 In-work Benefits: The Earned Income Tax Credit  
**[OR] Hoynes and Patel “The Earned Income Tax Credit and the Distribution of Income,” Journal of Human Resources, 2018.**  
**[OR] Hardy, Hokayem and Ziliak “Income Inequality, Race, and the EITC,” working paper.**  
**[OR] Linos et al, “Can Nudges Increase Take-up of the EITC? Evidence from Multiple Field Experiments,” AEJ Policy 2021.**  
**[OR] Miller, Katz, Azurdia, Isen, “Boosting the Earned Income Tax Credit for Singles”, MDRC**  
 Propublica pieces on IRS audits: [IRS Staffing](#), the [EITC](#), and [the disproportionate effects on Black Americans](#).  
 Rothstein and Zipperer, “The EITC and Minimum Wage Work Together to Reduce Poverty and Raise Incomes,” EPI, 1/22/20  
 Center for Budget and Policy Priorities [“EITC and Child Tax Credit Promote Work, Reduce Poverty, and Support Children’s Development, Research Finds”](#) 2015
- March 2 7.3 In-kind Programs: Food and Nutrition Programs (SNAP)  
**[OR] J. Hastings and J. Shapiro (2018). “How Are SNAP Benefits Spent? Evidence from a Retail Panel,” American Economic Review.**  
**[OR] Apt Associates, Massachusetts Health Incentive Pilot: Summary of Findings.**  
**[OR] Homonoff and Somerville “Program Recertification Costs: Evidence from SNAP”, American Economic Journal: Economic Policy 2021.**  
 House Agriculture Committee Testimony on Pros and Cons of Restricting SNAP (PRO by Rachidi and CON by Schanzenbach).  
**PROBLEM SET #2 HANDED OUT TODAY**
- March 7 7.4 Unemployment Insurance  
**[OR] Kuka and Stuart, “Racial Inequality in Unemployment Insurance Receipt and Take-Up,” NBER working paper, 2022**  
**[OR] Dube, “Aggregate Employment Effects of Unemployment Benefits During Deep Downturns: Evidence from the Expiration of the Federal Pandemic Unemployment Compensation,” NBER working paper, 2021**  
 von Wachter, Till [“Unemployment Insurance: A Primer,”](#) WCEG 2016.  
 WCEG [“Factsheet: UI and why the effect of work disincentives is greatly overstated,”](#) 7/21/20.  
 [OPTIONAL PODCAST] The Uncertain Hour, [“Unemployment Benefits are Hard to Get. That’s on Purpose,”](#) 5/27/20.

- March 9 7.5 The Importance of Place: Place Policies, Housing Policies  
 Chetty et al, "[The Opportunity Atlas: Mapping the Childhood Roots of Social Mobility](#)," nontechnical summary, Opportunity Insights  
 Hardy, Logan and Parman "The Historical Role of Race and Policy for Regional Inequality, The Hamilton Project, 2018.  
**Aaronson et al, "The Long-run Effects of 1930s HOLC Redlining Maps on Place-based Measures of Economic Opportunity and Socioeconomic Success" working paper, 2020.**
- March 14 7.5 The Importance of Place: Place Policies, Housing Policies (cont)  
**Chetty et al "The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment" American Economic Review 2016**  
 Chyn and Katz, Neighborhoods Matter: Assessing the Evidence for Place Effects, Journal of Economic Perspectives. 2021.  
 CBPP, More Housing Vouchers: Most Important Step to Help More People Afford Stable Homes 2021.  
 MDRC, [Positive Results Released from Creating Moves to Opportunity](#), 8/2019. Also see [nontechnical summary](#) from Opportunity Insights.

## 8. PRE-DISTRIBUTION POLICIES

- March 16 8.1 The Importance of Monopsony / Firm Market Power  
 Azar, Marinescu, and Steinbaum "[Antitrust and Labor Market Power](#)" econfip.org  
 Ashenfelter et al, Monopsony in the labor market: New empirical results and new public policies, NBER working paper  
 CEA, "[Labor Market Monopsony: Trends, Consequences, and Policy Responses](#)," Council of Economic Advisors Issue Brief, October 2016.  
 [Optional] David Card, "[Who Sets your Wage](#)," [AEA Presidential Lecture](#) (start at 31:00).

### PROBLEM SET #2 DUE TODAY

- March 28 8.2 Minimum Wages  
**[OR] Derenoncourt and Montialoux, "Minimum Wages and Racial Inequality," Quarterly Journal of Economics, 2020.**  
**[OR] Dube et al "The Effect of Minimum Wages On Low-Wage Jobs," Quarterly Journal of Economics, 2019.**  
 Van Dam, "[It's not just paychecks: The surprising society-wide benefits of raising the minimum wage](#)," Washington Post, 7/8/19.
- March 30 8.3 Unions, Bargaining Power, Wage Boards  
**[OR] Farber, Herbst, Kuziemko and Naidu "Unions and Inequality over the Twentieth Century: New Evidence from Survey Data," NBER WP 24587**  
 Sojourner et al, "[What Is at Stake if Unions Wield Greater Clout?](#)" Econofact 2021.  
 Dube, "[Using Wage Boards to Raise Pay](#)" econfip.org

- April 4 8.4 Training and Active Labor Market Policy  
**[OR] Katz et al, "Why Do Sectoral Employment Programs Work? Lessons From Workadvance," NBER wp 28238, 2021.**  
**[OR] Card, Kluve and Weber, "What Works? A Meta-Analysis of Recent Active Labor Market Program Evaluations," Journal of the European Economic Association, 2018.**  
 [OPTIONAL] CEA, "Active Labor Market Policies: Theory and Evidence for What Works," December 2016.

## 9. ADDITIONAL TOPICS

- April 6 9.1 Policy Solutions to Racial Wealth Inequality  
 California Budget Policy Center, [Racial Wealth Gap](#) and CBPP [Racial Equity and the Tax Code](#)  
 Dania Francis, "[The Logistics of a Reparations Program in the U.S.](#)" Washington Center for Equitable Growth.  
 Interview with Sandy Darity, [The Economic Case for Reparations](#), Econofact Podcast.
- April 11 9.2 The Effects Of Public Health Insurance  
**[OR] Miller et al, The ACA Medicaid Expansion in Michigan and Financial Health, Journal of Policy Analysis and Management 2021.**  
**[OR] Golden et al, Health Insurance and Mortality: Experimental Evidence from Taxpayer Outreach, Quarterly Journal of Economics, forthcoming**  
**[OR] Finkelstein et al. "The Oregon Health Insurance Experiment: Evidence from the First Year", Quarterly Journal of Economics, 2012.**  
 Center for Budget and Policy Priorities, [Chartbook: Accomplishments of the Affordable Care Act](#), 3/19/19  
[Oregon Project](#), "Summary of Findings" and "About the Study and "Primary Findings to Date"
- April 13 9.3 The Long Run Effects of the Social Safety Net  
**[OR] Bailey, Hoynes, Tossin-Slater & Walker, "Is the Social Safety net a Long-Term Investment? Large Scale Evidence from the Food Stamps Program," NBER working paper 2020.**  
**[OR] Bastian and Michelmore, "'The Long-Term Impact of the Earned Income Tax Credit on Children's Education and Employment Outcomes" Journal of Labor Economics.**  
 Neil Irwin, "[Supply Side Economics, but for Liberals](#)," NY Times, 4/16/17  
 Brookings, [Roundup of long run research](#), 2021.
- April 18 9.4 Roundup of U.S. Response to COVID Economic Crisis  
 Stone, "[Robust Unemployment Insurance, Other Relief Needed to Mitigate Racial and Ethnic Unemployment Disparities](#)," CBPP 8/5/20.  
 Thomas J. Hedin, Geoffrey Schnorr, and Till von Wachter. [The role of the \\$600 FPUC benefit in California during the COVID-19 pandemic](#). California Policy Lab, July 27, 2020  
 Bitler, Hoynes and Schanzenbach, Russell Sage Foundation, Economics of different elements of COVID response, balancing targeting, ease of delivery (Stimulus, SNAP, CTC) [no draft]  
 Ron Lieber, Why Do We Make Things So Hard for Renters? New York Times, 2022.  
 Jason DeParle, An Historic Decrease in Poverty, New York Review of Books, 2022.



April 20 STUDENT LED PRESENTATIONS

April 25 STUDENT LED PRESENTATIONS

April 27 STUDENT LED PRESENTATIONS

May 2 STUDENT LED PRESENTATIONS

May 4 STUDENT LED PRESENTATIONS

**May 6 POLICY BRIEF DUE TODAY**