



PP290: Poverty and Inequality: Facts, Causes and Policy Solutions, Spring 2023

Professor Hilary Hoynes, 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– T/Th 8:30-10:00a in GSPP 250.

Instructor Office Hours– Office hours Monday 3-5pm. [Sign up](#). Best way to reach me is at hoynes@berkeley.edu.

Course Reader – Diego Villegas (2nd 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 and course readings.

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

2 Problem sets (core concepts)	40%
Scientific Paper: written summary	20%
Final project (video/powerpoint)	40%

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.

Things to address in your summary (and in general 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?

End of term project: You will prepare a powerpoint presentation (10-15 minutes) and will submit that on Bcourses. Discuss a current policy related to the course. 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](#).

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](#).

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.

COURSE SYLLABUS

PART I: INTRODUCTION, DEFINITIONS, FACTS AND TRENDS

1. COURSE INTRODUCTION AND OVERVIEW / CHILD TAX CREDIT

January 17 INTRODUCTION

[“Congress Is Considering Financial Help for Parents. Here Are Details.”](#), New York Times, Claire Cain Miller and Alicia Parlapiano, December 15, 2022.

[Recovery Package Should Permanently Income Families with Low Incomes in Full Child Tax Credit](#), Center for Budget and Policy Priorities, September 7, 2021.

View Hoynes lecture on identifying effects of social safety net

2. MEASUREMENT, DEFINITIONS, FACTS AND TRENDS

January 19 POVERTY AND INEQUALITY: MEASUREMENT

Stone and all, CBPP, [“A Guide to Statistics on Historical Trends in Income Inequality,”](#) January 2020.

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.

January 24 FACTS AND TRENDS: LABOR MARKET, POVERTY AND INEQUALITY

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

Cook, Lisa [“Racism Impoverishes the Whole Economy,”](#) NY Times 11/22/20.

[Lessons From a Historic Decline in Child Poverty](#), Child Trends, Chapter 1. Also see reporting in NYT on this report by Jason De Parle [Part 1](#), [Part 2](#), [Part 3](#).

Yglesias, “Income inequality has been falling for awhile now,” Slow Boring, 1/3/22.

Akee, Jones and Porter. “Race Matters: Income Shares, Income Inequality, and Income Mobility for All U.S. Races,” Demography.

Kolko, [Twitter thread on geographic inequality](#), 1/3/23.

January 26 INTERGENERATIONAL MOBILITY: MEASUREMENT & FACTS, TRENDS

[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.

PART II: REDISTRIBUTION POLICY AND THE SOCIAL SAFETY NET

3. 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

Jan 31 & Feb 2 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.

Janet Yellen on [BBB as new supply side economics](#)

February 7 In-kind Transfers and Consumption Decisions

February 9 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.

“Covid cut the red tape for welfare benefits. Let’s keep it that way,” Washington Post. 4/12/22.

Annie Lowry, The Time Tax, The Atlantic, 2021.

[Improving Access to Public Benefits Programs Through the Paperwork Reduction Act](#), OMB, 4/13/22.

4. EVIDENCE ON THE SOCIAL SAFETY NET

February 14 4.1 Cash Welfare: TANF, Welfare Reform

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](#)

Hardy, Samudra and Davis, “Cash Assistance in America: The Role of Race, Politics and Poverty”, The Review of Black Political Economy, 2019.

[“States Are Hoarding \\$5.2 Billion in Welfare Funds Even as the Need for Aid Grows”](#), ProPublica 12/29/21.

[PODCAST] For those wanting a deep dive on the history of welfare reform see Season 1 of [The Uncertain Hour](#).

February 16 4.2 Other Evidence on effects of Cash Assistance

[OR] Silver and Zhang, “Impacts of Basic Income on Health and Economic Well-Being: Evidence from the VA’s Disability Compensation Program

[OR] Jones and Marinescu, “The Labor Market Impacts of Universal and Permanent Cash Transfers: Evidence from the Alaska Permanent Fund,” American Economic Journal: Economic Policy

[OR] Akee et al “Parents’ Incomes and Children’s Outcomes: A Quasi-Experiment Using Transfer Payments from Casino Profits,” AEJ Applied

[Baby's First Year](#)[Everywhere basic income has been tried](#), VOX, 10/20/20.

- February 21 4.3 In-work Benefits: The Earned Income Tax Credit
[OR] Schanzenbach & Strain, "Employment Effects of the Earned Income Tax Credit: Taking the Long View," Tax Policy and the Economy.
[OR] Hoynes et al, "Income, the Earned Income Tax Credit, and Infant Health," AEJ Policy, 2015.
[OR] Linos et al, "Can Nudges Increase Take-up of the EITC? Evidence from Multiple Field Experiments," AEJ Policy 2021.
 Propublica pieces on IRS audits: [IRS Staffing](#), the [EITC](#), and [the disproportionate effects on Black Americans](#).
 Center for Budget and Policy Priorities "[EITC and Child Tax Credit Promote Work, Reduce Poverty, and Support Children's Development, Research Finds](#)" 2015
- February 28 4.4 In-kind Programs: Food and Nutrition Programs (SNAP)
[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.
[OR] Gray et al, "'Employed in a SNAP? The Impact of Work Requirements on Program Participation and Labor Supply'" American Economic Journal: Economic Policy, forthcoming.
 Bauer et al, "[Food Security Shouldn't Take a Summer Vacation](#)," Hamilton Project.
 Bauer et al, "[The effect of Pandemic EBT on Measures of Food Hardship](#)," Hamilton Project.
- March 2 4.5 The Long Run Effects of the Cash and near Cash Programs
[OR] Bailey, Hoynes, Rossin-Slater & Walker, "Is the Social Safety net a Long-Term Investment? Large Scale Evidence from the Food Stamps Program," Forthcoming , Review of Economics and Statistics.
[OR] Barr et al, Investing in Infants: The Lasting Effects of Cash Transfers to New Families, Quarterly Journal of Economics.
 Aizer et al, "Children and the US Social Safety Net: Balancing Disincentives for Adults and Benefits for Children," Journal of Economic Perspectives.
 Research Summaries: Brookings, [Roundup of long run research](#) or [Hoynes Testimony to Congress](#).
- March 7 4.6 Conditional Cash Transfers
Parker and Vogl, "Do Conditional Cash Transfers Improve Economic Outcomes in the Next Generation? Evidence from Mexico," working paper.
 Araujo and Macours, "Education, Income and Mobility: Experimental Impacts of Childhood Exposure to Progresa after 20 Years," working paper.
 Baird, S., Ferreira, F. H. G., Özler, B., & Woolcock, M. (2014). Conditional, unconditional and everything in between: A systematic review of the effects of cash transfer programmes on schooling outcomes. Journal of Development Effectiveness, 6(1), 1–43.
 MDRC NYC CCT experiment 2007, <https://www.mdrc.org/publication/conditional-cash-transfers-new-york-city>

- March 9 4.7 The Importance of Place: Place Policies, Housing Policies – Part 1
 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 the 1930s Redlining Maps on Children" working paper, 2022.
- March 14 4.7 The Importance of Place: Place Policies, Housing Policies – Part 2
[OR] Chetty et al "The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment" American Economic Review 2016
~~**[OR] Chyn et al, "The Long-Run Effects of Residential Racial Desegregation Programs: Evidence from Gautreaux," working paper.**~~
~~**[OR] Almagro et al, Urban Renewal and Inequality: Evidence from Chicago's Public Housing Demolition, NBER wp 30838.**~~
[OR] Chyn, "Moved to Opportunity: The Long-Run Effects of Public Housing Demolition on Children," American Economic Review 2018.
 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.
 [PODCAST] [Econofact on MTO](#).
- March 16 4.8 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.
 Jamila Michener, "[A Racial Equity Framework for Assessing Health Policy](#)," Commonwealth Fund.
 Center for Budget and Policy Priorities, [Chartbook: Accomplishments of the Affordable Care Act](#), 3/19/19
- March 21 4.9 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.
 Duggan, "[Overdue: Why California needs to reform unemployment insurance funding](#)," SIEPR.
 [PODCAST] The Uncertain Hour, "[Unemployment Benefits are Hard to Get. That's on Purpose](#)," 5/27/20.

PART III: PRE DISTRIBUTION POLICIES

5. CONTEXT FOR PREDISTRIBUTION POLICIES

- March 23 Economics of Earnings Inequality: Education, Technology/Automation, Trade, Gig Economy, Tight labor markets
 Holzer, "[Tight labor markets and wage growth in the current economy](#)," Brookings 2022.
 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.
- April 4 Importance of Monopsony / Firm Market Power
 U.S. Treasury, State of Labor Market Competition, 2022.
 Azar et al, "Concentration in US labor markets: Evidence from online vacancy data," Labour Economics.
 [Optional] David Card, "[Who Sets your Wage](#)," [AEA Presidential Lecture](#) (start at 31:00).

6. EVIDENCE ON PRE-DISTRIBUTION POLICIES

- April 6 6.1 Minimum Wages
[OR] Derenoncourt and Montialoux, "Minimum Wages and Racial Inequality," Quarterly Journal of Economics, 2020.
[OR] Cengiz et al "The Effect of Minimum Wages on Low-Wage Jobs," Quarterly Journal of Economics, 2019.
[OR] Dow et al, Can Labor Market Policies Reduce Deaths of Dispar?, Journal of Health Economics.
 Van Dam, "[It's not just paychecks: The surprising society-wide benefits of raising the minimum wage](#)," Washington Post, 7/8/19.
- April 11 6.2 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 18 6.3 Training and Active Labor Market Policy
[OR] Katz et al, "Why Do Sectoral Employment Programs Work? Lessons From Workadvance," Journal of Labor Economics.
~~**[OR] Aizer et al, Do Youth Employments Work? Evidence from the New Deal,**~~
[OR] Card, Kluge and Weber, "What Works? A Meta-Analysis of Recent Active Labor Market Program Evaluations," Journal of the European Economic Association, 2018.
 Rothstein et al, "[Identifying the impacts of job training programs in California](#)," California Policy Lab.
["Google Creates \\$100 Million Fund for Skills Training Program,"](#) NY Times.

April 20 ~~6.4 Noncompetes and other policies~~

~~[FACT SHEET: FTC Proposes Rule to Ban Noncompete Clauses, Which Hurt Workers and Harm Competition](#), 1/5/23. And [Lina Kahn oped](#) in the NYT 1/9/23.~~

~~Johnson et al, "The Labor Market Effects of Legal Restrictions on Worker Mobility," working paper.~~

April 20 Summary and Reflection on Economics and Politics of Child Tax Credit expansion

DeParle, An Historic Decrease in Poverty, New York Review of Books, 2022. and DePillis and DeParle in [NYT](#).

Columbia social policy center, [Research Roundup on Expanded CTC](#), Nov 2022.

Lowrey, "The Child Tax Credit Was a Little Too Subtle," Atlantic, 2022.

Fischer et al, "[How the Expanded Child Tax Credit Helped California Families](#)," California Policy Lab, 2022.

Yglesias, "The strange career of the expanded Child Tax Credit: A good idea that didn't work, and a new chance at a new strategy," 2022.

[PODCAST] Hilary on [Child Poverty on Freakonomics](#).

April 25 NO CLASS, POLICY INSIGHTS CONFERENCE

April 27 Final Lecture: Reflection on poverty in America

Matthew Desmond" Why Poverty Persists in America", New York Times Magazine, 3/9/23.

Class discussion considering the points raised in this piece. Please everyone read it!

Friday May 5: VIEWING OF STUDENT DIGITAL PROJECTS

Room 105, 12:10-1:30p

Plus LUNCH on Cinco de Mayo!