

EC 240 INEQUALITY AND POVERTY

Course Syllabus Fall 2009

Professor: Stephanie Seguino
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Office Hours: 10:00 – 11:00am TTH

Tuesdays and Thursdays, 8:30 - 9:45am
Old Mill 221

COURSE DESCRIPTION

This course explores how the discipline of economics can be used to analyze the causes and effects of poverty and intergroup inequality. The material we cover takes a decidedly macroeconomic focus, emphasizing group and cross-country differences in well-being. Students will be introduced to ways to measure each (and the problems associated with these measures), and economic theories of poverty and inequality. We will examine the relationship between inequality and poverty on the one hand, and the macroeconomy on the other. In that context, we consider the consequences of inequality in the developing world, and of the effects of increasingly open trade and capital markets on poverty and on inequality within and across countries. Finally, we explore a variety of policy solutions to reduce poverty and inequality between groups and countries.

A major empirical research paper will be required, a task made much easier because data on poverty and inequality are now widely available. It would be preferable to have completed EC 200 prior to taking this course.

GRADING

Student obligations include the following components with weights to be used in calculating the final course grade in parentheses.

- a. ***Delving into the data assignment*** (see attached for description, due September 24): 10%
- b. **Research paper:** Each student will work on a paper relevant to some aspect of inequality and/or poverty during the semester. Projects will be graded as follows:
 - Due October 7, one page summary of proposed term paper (5% of final grade).
 - Due October 28, annotated bibliography and full outline of proposed paper (5%).
 - Due November 20, first draft of paper (25%).
 - Due December 14, final paper (35%).

- c. **Discussion leader:** Each student will prepare and lead one class discussion from topics on the course schedule. This involves a very brief presentation of the main points of the reading, unanswered questions you have about the topic, and provocative questions for further class discussion on the readings or topic more broadly (10%).
- d. **Class Participation:** Class attendance and preparation (10%).

READINGS

The following books will be used in this course:

1. Ehrenreich, Barbara. 1999. *Nickel and Dimed*. New York: Metropolitan Books. (\$3.19 used at Amazon).
2. Grusky, D. and R. Kanbur (eds). 2006. *Poverty and Inequality*. Stanford, CA: Stanford University Press. (\$15.00 used at Amazon.com).
3. Newman, K. 1999. *No Shame in My Game: The Working Poor in the Inner City*. New York: Vintage Books and Russell Sage Foundation. (\$0.48 used at Amazon).
4. Oliver, Melvin and Thomas Shapiro. 2006. *Black Wealth, White Wealth*. New York: Routledge. (Optional) (\$9.97 used at Amazon).
5. Singer, P. 2009. *The Life You Can Save*. New York: Random House. (Optional).

Course Outline

Part I. Real World Inequality and Poverty

Week 1 (September 1 - 3) Introduction: Poverty and inequality in the real world

1. Ehrenreich, B. *Nickel and Dimed*. Read all.
2. Gudrais, E. 2008. "Unequal America." *Harvard Magazine* July-August 2008, pp. 22-29. <http://harvardmagazine.com/2008/07/unequal-america.html>

Additional in-class material

Magnum Photos. "The Places We Live." <http://www.theplaceswelive.com/>

Michael Moore. "The Awful Truth." <http://www.youtube.com/watch?v=gRwIZ36po3Y>

Weeks 2 - 3 (September 8 - 17) Conceptualizing and measuring inequality and poverty

- Discussion of first assignment
1. Spatial aspects of inequality in US: Foreclosure rates, unemployment, and median income by US county <http://www.npr.org/templates/story/story.php?storyId=111494514>
 2. Sen, Amartya. 2006. "Conceptualizing and Measuring Poverty." In D. Grusky and R. Kanbur (eds) *Poverty and Inequality*, pp. 30-46.
 3. Nussbaum, M. 2006. "Poverty and Human Functionings: Capabilities as Fundamental Entitlements." In D. Grusky and R. Kanbur (eds) *Poverty and Inequality*, pp. 47-75.

Additional in-class material

Gapminder video. www.gapminder.org

Below are several useful websites with documents that discuss measures of poverty and inequality. Consult the first two in the list below and be prepared to discuss approaches to measurement of these conditions. The remaining websites will also prove useful, and you may consult at your convenience and according to your level of interest.

Required:

1. US Census Bureau. <http://www.census.gov/hhes/www/poverty.html>. (Read sections on how poverty is measured in the US, and familiarize yourself with poverty data for US).
2. World Bank, Poverty and Inequality Measurement. <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/EXTPA/0,,contentMDK:20153855~menuPK:435040~pagePK:148956~piPK:216618~theSitePK:430367,00.html>

Optional but useful:

1. UNDP. 2007. "Poverty In Focus: The Challenge of Inequality." <http://www.undp-povertycentre.org/pub/IPCPovertyInFocus11.pdf>.
2. World Bank. 2006. *World Development Report*. Chapter 1. http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2005/09/20/000112742_20050920110826/Rendered/PDF/322040World0Development0Report02006.pdf.
3. Institute for Research on Poverty. 1995. "Measuring Poverty: A New Approach." www.ssc.wisc.edu/irp/pubs/focusold/17.1.a/measuring_poverty.txt.
4. Eberstadt, N. 2002. "The Poverty Rate: America's Worst Statistical Indicator." http://www.aei.org/publications/pubID.13711.filter.all/pub_detail.asp.
5. Silver, H. and S.M. Miller. 2008. "Social Exclusion: The European Approach to Social Disadvantage." Poverty and Race Research Action Council. <http://www.scribd.com/doc/3322960/Social-Exclusions>

To find country-specific data on poverty and inequality, consult World Development Indicators Database at BH Library.

Week 4 (September 22-24) Theories on the causes of poverty and inequality

1. Wolff, E. 1997. *The Economics of Poverty, Inequality, and Discrimination*. Dame Publishing. Chs. 6, 9, 12. **On reserve.**
2. Darity, W. Jr. 2001. "The functionality of market-based discrimination." *International Journal of Social Economics* 29 (10-12): 980-986.

Part 3: Intergroup Inequality within Countries

Week 5 (September 29 – October 1) Racial and ethnic inequality

- Discussion of possible paper topics and guidelines for research projects
1. Newman, K. 1999. *No Shame in My Game: The Working Poor in the Inner City*. Chs. 1, 3-6.
 2. Oliver, M. and T. Shapiro. 2006. *Black Wealth/White Wealth*. Introduction and Chs. 1-5.
 3. Wilson, W. J. 2006. "Social Theory and the Concept of the Underclass." In D. Gruksy and R. Kanbur (eds) *Poverty and Inequality*, pp. 103-116.
 4. Minorities at Risk Project. <http://www.cidcm.umd.edu/mar/> (Peruse for data across countries).

For those interested in delving further into this topic, I encourage you to read Massey, D. and N. Denton. 1998. *American Apartheid*. Cambridge, MA: Harvard University Press.

Week 6 (October 6 - 8) Gender inequality

1. Blumberg, R. L. 1984. "A General Theory of Gender Stratification." In R. Collins, *Sociological Theory*, pp. 23-101. San Francisco, CA: Jossey-Bass.
2. Iversen, T. and F. Rosenbluth. 2006. "The Political Economy of Gender: Explaining Cross-National Variation in the Gender Division of Labor and the Gender Voting Gap." *American Journal of Political Science* 50 (1): 1-19.
<http://www.people.fas.harvard.edu/%7Eiversen/PDFfiles/IversenRosenbluth2006.pdf>

Part 3: Macroeconomic Dimensions of Inequality

Week 7 (October 13 - 15) Macroeconomic impacts of inequality

1. Blackden, M., Canagarajah, S. Klasen, and D. Lawson. 2005. "Gender and Growth in Sub Saharan Africa: Evidence and Issues." <http://64.233.169.104/search?q=cache:acudGxKIxoOJ:www.wider.unu.edu/conference/conference-2005-3/conference-2005-3-papers/Klasen.pdf+blackden+klasen+gender&hl=en&ct=clnk&cd=4&gl=us>.
2. Seguino, S. "[The Threads that Bind: Race and Gender Stratification and the Macroeconomics of Inequality](#)." Working Paper, November 2006.
3. Ghobarah, H., Huth, P., and B. Russett. 2004. "Comparative Public Health: The Political Economy of Human Misery and Well-Being." *International Studies Quarterly* 48 (1): 73-94. (Access through university library website).
4. Holzer, H., D.W. Schanzenback, G.J. Duncan, and J. Ludwig. 2007. *The Economic Costs of Poverty in the U.S.: Subsequent Effects on Children Growing up Poor*. Center for American Progress. http://www.americanprogress.org/issues/2007/01/poverty_report.html.
5. Handouts of neoclassical and Kaleckian macroeconomic models.

Weeks 8-9 (October 20-29) Global inequality and macroeconomic policy

1. Dollar, D. 2004. "Globalization, Poverty, and Inequality Since 1980." World Bank Policy Research Working Paper 3333. http://econ.worldbank.org/external/default/main?pagePK=64165259&theSitePK=469382&piPK=64165421&menuPK=64166093&entityID=000112742_20040928090739
2. Bardhan, P. 2005. "Globalization, Inequality and Poverty: An Overview." University of California, Berkeley. <http://globetrotter.berkeley.edu/macarthur/inequality/papers/BardhanGlobalOverview.pdf>
3. New Economics Foundation (NEF). 2006. "Growth Isn't Working. The Unbalanced Distribution of Benefits and Costs from Economic Growth." National Economics Foundation Report. <http://www.neweconomics.org/gen/uploads/hrfu5w555mzd3f55m2vqwty502022006112929.pdf>

Part 4: Solutions?

Week 10 (November 3 – 5) Minimum wages and basic income guarantees

1. Bergmann, B. 2002. "A Swedish-Style Welfare State Or Basic Income: Which Should Have Priority?" <http://www.usbig.net/papers/010-bergmann.pdf>
2. Adams, S. and D. Neumark. 2005. "A Decade of Living Wages: What Have We Learned?" *California Economic Policy* 1(3): 1-23. <http://www.ppic.org/main/publication.asp?i=620>
3. Archbishop Desmond Tutu on Basic Incomes. <http://www.youtube.com/watch?v=gf3n-L5FDy0>

Week 11 (November 10 – 12) Full employment and employer of last resort programmes

1. Pollin, R., Epstein, G., and J. Heintz. 2008. "Pro-Growth Alternatives for Monetary and Financial Policies in Sub-Saharan Africa." International Policy Centre for Inclusive Growth, Policy Research Brief No. 6. <http://www.ipc-undp.org/pub/IPCPolicyResearchBrief6.pdf>
2. Wray, R. 2007. "The Employer of Last Resort Programme: Could It Work for Developing Countries?" ILO, Employment Analysis and Research Unit 2007 / 5. <http://www.cfeps.org/elm07-5.pdf>

Week 12 (November 17 - 19) Policies to promote gender equality

1. Klasen, S. 2002. "Low Schooling for Girls, Slower Growth for All? Cross-Country Evidence on the Effect of Gender Inequality in Education on Economic Development." *World Bank Economic Review* 16 (3): 345-373.
2. Fineman, M. A. 2006. "Dependency and Social Debt." In D. Grusky and R. Kanbur (eds) *Poverty and Inequality*, pp. 133-52.

Week 13 (November 24) Discussion of research projects

Week 14 (December 1-3) Policies to promote racial/ethnic equality

1. Oliver, M. and T. Shapiro, *Black Wealth, White Wealth*, Ch. 9.
2. **Guest speaker December 3:** UVM Executive Director of Diversity and Equity Kathryn Friedman.
3. Darity, W. and D. Frank. 2003. "The Economics of Reparations." *American Economic Review* 93 (2): 326-329. (Available electronically through UVM library website).

Week 15 (December 8): Final thoughts

Center for American Progress. 2007. *From Poverty to Prosperity: A National Strategy to Cut Poverty in Half*, Executive Summary, p. 1-5
http://www.americanprogress.org/issues/2007/04/pdf/poverty_report.pdf

Singer, P. *The Life You Can Save*, Chs. 1-5.

December 14, 2009: Monday: Final exam, 8:00 - 11:00 am, Old Mill 221

STUDENT RESPONSIBILITY

I have tried to give you a good idea of what the course involves and the timetable on which we will work through the material. I reserve the right to change readings, times, and other aspects of the syllabus as needed, however. You are responsible for reading your syllabus to keep abreast of the schedule, and staying current on any other changes to the syllabus, which will be announced in class and will also be communicated electronically to each of your UVM email addresses.

EC 240 Inequality and Poverty

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Assignment 1: Delving into the data

1. Select a group, region, or country about which you would like to learn more.
2. Using the sources on US and international measures of poverty and inequality as well as the Sen and/or Nussbaum chapters on capabilities, develop a brief statistical profile of the degree of poverty (using any variety of measures you deem important, including capabilities measures) and/or inequality. You may compare across groups (e.g., between women and men, ethnic groups, regions of the US), or across countries (e.g., US as compared to Europe, Sub-Saharan Africa as compared to East Asia, etc). A statistical profile might include data on: 1) income poverty measures; 2) capabilities measures, 3) inequality measures. It would be useful to present your data in tables and/or figures.
3. Include a narrative discussion of your data – the measures you used, how they are defined, and why you use them, as well as any weaknesses of the data in capturing the aspects of inequality and poverty you want to reflect.
4. Analyze your results. In other words, what story do the data tell, according to your reading of it?

Length: Narrative (3-5 pages), net of tables and figures. Please include page numbers, bibliography, with detailed references to your sources. For guidelines on how to format bibliographies and citation methods, please see any one of my articles that are on my home page: www.uvm.edu/~sseguino, and follow the methodology therein.

Due: September 24

Advice: Don't stress too much over this assignment. You have a lot of freedom to shape this in a way that responds to your own interests, so feel free to be creative. This assignment is an opportunity for you to get your hands on the data and to begin thinking about what the data tell us – and what the data don't tell us.

Never skip class because you don't have an assignment completed or you are struggling with the printer. Just come to class, and we will work the rest out.

EC 240 Inequality and Poverty

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Fall 2009

Summary of assignment due dates

Assignments are due at the beginning of class on the days noted below. I would be happy to receive all research paper assignments electronically in Word. For those of you printing out assignments, if you run into printer problems, please do not skip class. Instead, come to class and let me know so we can work something out.

September 24: Assignment 1: Delving into the data

Research paper in multiple stages

October 7: Abstract on research topic.

October 28: Annotated bibliography for research paper, with at least 10 sources, and full outline.

November 20: First draft of research paper due electronically.

December 14: Final version of research paper due.