

HLE 201: POVERTY AND PUBLIC POLICY

John F. Kennedy School of Government
 Fall 2003
 Monday and Wednesday 4:10 – 5:30
 Land Hall

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This course examines the causes and consequences of poverty and explores strategies for addressing it. The course focuses on the United States, Mexico and China—examples of three very different contexts. We begin by exploring the relationships among development, inequality and poverty; the various ways poverty is defined and measured; and the experience of poverty in the three countries. We examine a number of explanations for poverty, including changes in family structure and population demographics, changes in the labor market, residential segregation and government policy. Finally, we examine policy options and issues, including training and education, safety net programs, supports for families and children, and welfare reform. Throughout the course, we explore the ways in which the three countries are similar and different. We also emphasize throughout the course an analytic approach for arriving at policy recommendations.

There are no prerequisites for the course, save an interest in and concern for the problems of poverty. We hope and expect that students will come to the class with a wide range of knowledge and experience, that the material will be relevant both to those with considerable experience and those without, and that students from places at different levels of development will interact productively with the material and with each other. Non-Kennedy School students may enroll in the course with the permission of an instructor.

Course Requirements

Class participation and responses to readings. Students are expected to prepare for and participate in class discussions. Students must also submit responses to the readings for **16 (sixteen)** of the 23 classes for which readings are assigned. **The reading response for September 24 is required.** Responses should be 150-200 words, and should be posted on the course website in the assignment drop box, where they will be available for reading by all members of the class. We urge you to read, build on and respond to responses that have been submitted prior to your own.

Please respond to the specific questions for a particular class. If no question is posed, your response should include:

1. Insight/idea. What do you see as the most important insight or idea from the readings?

2. Reaction. What are your responses to the readings? Are the authors asking the right questions? Are you convinced of the conclusions? If there are apparent inconsistencies or contradictions among the readings, what do you make of them?
3. Questions/ issues. What questions or issues concern you?

Responses to readings must be submitted by **9:00 AM of the day of the class** to which you are responding.

Mid-semester extended response. Due October 31. About 750 words. The assignment and instructions for responding to it will be distributed two weeks in advance.

Final assignment. The final assignment will consist of a policy analysis and answers to a few short questions. There will be some choice in topics for the policy analysis and in the questions.

Grading:

Participation/responses	25 %
Mid-semester assignment	25 %
Final assignment	50 %

Readings:

The following book is required for this course. It is available for purchase at the Coop and is also on reserve at the KSG library.

Sheldon H. Danziger and Robert H. Haveman, eds, Understanding Poverty, Harvard University Press, 2001.

Readings for this course are available and marked on the syllabus as follows:

- B:** required book for the course.
- O:** available on-line at the link provided in this syllabus.
- W:** available from the course website in the "online readings" section.
- R:** on reserve in the KSG library
- P:** available in course packets distributed by the Course Materials Distribution Office (CMDO) in Belfer 7.

All readings will also be on reserve at the Kennedy School library

Course Outline and Reading Assignments

I. Conceptualizing and measuring poverty

1. September 10: Introduction. Development, inequality and poverty. (MJB & JW)
2. September 15: Conceptualizing poverty. (MJB)
 - B:** Gary Burtless and Timothy Smeeding, "The Level, Trend and Composition of Poverty," in Danziger and Haveman, pp. 27-36.
 - B:** Timothy Smeeding, Lee Rainwater and Gary Burtless, "U.S. Poverty in a Cross-national Context," in Danziger and Haveman, pp. 162-177.
 - O:** World Bank, World Development Report 2000/2001: Attacking Poverty, pp. 2, 15-29. <http://www.worldbank.org/poverty/wdrpoverty/report/ch1.pdf>
 - P:** United Nations Development Program (UNDP), Human Development Report 1997, pp. 15-23.
3. September 17: Characteristics and dynamics of the poor. (MJB)
 - B:** Danziger and Haveman, pp. 36-49; 61-66; 86-92, 127-140, 186-187.
 - P:** UNDP, The China Human Development Report, 1999, pp. 12-15, 88-95.
 - P:** Julio Boltvinik, "Welfare, Inequality, and Poverty in Mexico, 1970-2000," in Confronting Development: Assessing Mexico's Economic and Social Policy Challenges, pp. 385-446.
4. September 22: The impact of poverty. (JW)
 - B:** Mary Corcoran, "Mobility, Persistence, and the Consequences of Poverty for Children: Child and Adult Outcomes," in Danziger and Haveman, pp. 140-161.
 - P:** Parker, S. et al. "Double Jeopardy: The Impact of Poverty on Early Childhood Development," The Pediatric Clinics of North America. 1988; 35(6); 1227-1240.
 - O:** Jeanne Brooks-Gunn and Greg J. Duncan, "The Effects of Poverty on Children," The Future of Children: Children and Poverty, Vol. 7, No. 2 (Summer/Fall 1997), pp. 55-71. http://www.futureofchildren.org/cap/004_cap.pdf
 - P:** Mercedes Gonzalez de la Rocha, "Private Adjustments: Household Responses to the Erosion of Work," UNDP.
5. September 24: Why do/should people care about poverty? (JW)
 - O:** 1986 bishops' statement on economic justice, particularly chapter II A and B. <http://www.osjspm.org/cst/eja.htm>
 - O:** US Chamber of Commerce, "The State of Corporate Citizenship" <http://www.uschamber.com/press/releases/2003/july/03-124.htm>
 - W:** See sheet on course homepage for more links to religious, corporate, and global statements regarding why people care about poverty.

II. Explanations of Poverty

6. September 29: Explanations for overall development levels: economic and institutional explanations. (DR)
- P:** Dwight Perkins, "Completing China's Move to the Market," in Meier and Rauch, eds. Leading Issues in Economic Development, pp. 48-51. China and the market 1.B.3
 - P:** Gerald Meier and James Rauch, "The Discipline of Development Economics," in Meier and Rauch, eds. Leading Issues in Economic Development, pp. 69-76.
 - P:** Dani Rodrik, ed. In Search of Prosperity: Analytic Narratives on Economic Growth. Chapters 1 (Rodrik): Introduction (pp. 1-19) and 11 (Qian): How Reform Worked in China (297-333).
7. October 1: Exploitation, discrimination and segregation (JW)
- R:** William Julius Wilson, *When Work Disappears*. New York: Alfred A. Knopf, 1996. Chapter 5: The Meaning and Significance of Race: Employers and Inner-City Workers, pp. 111-146. **(On reserve at KSG library)**
 - O:** Paul Jargowsky, "Stunning Progress, Hidden Problems: The Dramatic Decline of Concentrated Poverty in the 1990s"
<http://www.brookings.org/es/urban/publications/jargowskypoverty.htm>
 - O:** Mexico: A Comprehensive Development Agenda for the New Era chapters 23 & 24
<http://www.bancomundial.org.mx/bancomundial/SitioBM.nsf/4628b26bc65292fd86256c720063c13c/9dfdbb4bb108d2e586256d5e005abdb0?>
 - P:** Tony Saich, Governance and Politics of China, Palgrave, 2001, pp. 194-199, 222-229
8. October 6: Family structure and poverty. (JW)
- B:** Maria Cancian & Deborah Reed, "Changes in Family Structure: Implications for Poverty and Related Policy," in Danziger and Haveman, pp. 69 – 96.
 - W:** Ellwood, David T., and Christopher Jencks, "The Growing Differences in Family Structure: What Do We Know? Where Do We Look for Answers?" NBER Working Paper. Cambridge, MA: National Bureau of Economic Research, 2002.
9. October 8: Economic explanations for wage inequality. (DA)
- O:** Gottschalk, Peter. "Inequality, Income Growth, and Mobility: The Basic Facts." *Journal of Economic Perspectives*, 11(2), 1997, 21 – 40. (JSTOR)
 - O:** Freeman, Richard B. "Are Your Wages Being Set in Beijing?" *Journal of Economic Perspectives*, 9(3), 1995, 15 – 32. (JSTOR)
 - O:** Johnson, George E. "Changes in Earnings Inequality: The Role of Demand Shifts." *Journal of Economic Perspectives*, 11(2), 1997, 41 – 54. (JSTOR)
 - O:** Topel, Robert H. "Factor Proportions and Relative Wages: The Supply-Side Determinants of Wage Inequality." *Journal of Economic Perspectives*, 11(2), 1997, 55 – 74. (JSTOR)
 - O:** Fortin, Nicole M. and Thomas Lemieux "Institutional Change and Rising Wage Inequality: Is there a Linkage?" *Journal of Economic Perspectives*, 11(2), 1997, 75 – 96. (JSTOR)
 - P: (optional)** Richard Freeman and Lawrence Katz, "Rising Wage Inequality: The

United States vs. Other Advanced Countries,” in Richard Freeman, ed. *Working Under Different Rules*, Russell Sage, 1994, pp 29-62.

R: (optional) Dani Rodrik, “Has Globalization Gone Too Far?”, Washington, D.C.: Institute for International Economics, 1997, Ch. 2, 5.

October 13: holiday

10. October 15: Government policy, as it affects both development and inequality. (MJB)

B: Danziger and Haveman, pp. 177-189

P: Azizur Rahman Khan and Carl Riskin, Inequality and Poverty in China, pp. 3-8

P/R: Tony Saich, Governance and Politics of China, Palgrave, 2001, pp. 219-222; 241-246

P: Susan Kaufman Purcell and Luis Rubio, editors, Mexico under Zedillo, pp.37-39; 67-77

11. October 20: The relationship between macro-economic policies and poverty (RZ)

Guest Speaker: Dr. René M. Zenteno

Profesor – Investigador

Escuela de Graduados en Administración Pública y Política Pública Tecnológico de Monterrey

Readings: To Be Announced.

12. October 22: Internal and trans-national migration. (MJB)

P: George Borjas, Heaven’s Door: Immigration Policy and the American Economy, pp. 62-86.

P: Vilma Ortiz, “The Mexican-Origin Population,” in Roger Waldinger and Mehdi Bozorgmehr, editors, Ethnic Los Angeles, pp. 247-277.

P: Overview to Migration and the Urban Informal Sector, in Gerald M. Meier and James E. Rauch, Leading Issues in Economic Development, pp. 289-292.

P: Azizur Rahman Khan and Carl Riskin, Inequality and Poverty in China, pp. 107-116.

III. Poverty Policies

13. October 27: Education 1. General Issues (MJB)

B: Lynn Karoly, “Investing in the Future” in Danziger and Haveman, pp. 314-356

O: Lant Pritchett, “Where Has All the Education Gone?” World Bank Economic Review, 2001 367-391. (read online through Harvard library e resources)

14. October 29: Education 2. Specific Programs (MJB)

P: Paul Peterson, “School Reforms How Much Do They Matter?” pp. 105-116; Frederick Mosteller, “How Does Class Size Relate to Achievement in Schools,” pp. 117-130; Susan Mayer and Paul Peterson, “The Costs and Benefits of School Reform,” pp.

341-354, all in Susan Mayer and Paul Peterson, editors, Earning and Learning: How Schools Matter, Brookings 1999.

- Emmanuel Skouflas, "PROGRESA and its Impacts on the Human Capital and Welfare of Households in Rural Mexico," IFPRI, 2001, Executive Summary, chpts. 1 and 5. <http://www.ifpri.org/themes/progresasynthesis.htm>

October 31: Mid-term assignment due

15. November 3: Training/ sectoral strategies. (DTE)

- P: Marcus Stanley, Lawrence Katz, and Alan Krueger, "Developing Skills: What We Know About The Impacts of American Employment and Training Programs on Employment, Earnings, and Educational Outcomes," mimeo/draft, June 1998. Background paper prepared for British Chancellor of the Exchequer for 1998 G-8 Meeting
- W: James Heckman, "Is Job Training Oversold?", *The Public Interest*, Spring 1994, pp. 91-115. Also available online from Proquest.
- W: David Ellwood, "The Next Generation of Training and Mobility Strategies for Less Skilled Adult Workers: What Do We Know, What Could the Domestic Strategy Group Do?", paper prepared for the Aspen Institute Domestic Strategy Group, July 1999.

16. November 5: Economic and community development: rural. (JW)

- Mexico: A Comprehensive Development Agenda for the New Era chapter 15 <http://www.bancomundial.org.mx/bancomundial/SitioBM.nsf/4628b26bc65292fd86256c720063c13c/9dfdbb4bb108d2e586256d5e005abdb0?>
- R: Tony Saich, Governance and Politics of China, Chapter 10, pp 262-271
- China: Overcoming Rural Poverty, Chapter 3, pages* http://www-wds.worldbank.org/servlet/WDServlet?pcont=details&eid=000094946_01042804211223
- Swept Away: Chronic Hardship and Fresh Promise on the Rural Great Plains, pp. 4-24 <http://www.cfra.org/>
- Strategies to revitalize rural America http://www.cfra.org/resources/strategies_revitalize.htm
- USDA Rural Empowerment Programs, (skim) <http://www.ezec.gov/Communit/rurempowprogguide.pdf>
- Review: Dani Rodrik, ed. In Search of Prosperity: Analytic Narratives on Economic Growth. Chapter 11: How Reform Worked in China (297-333). (In packet)

17. November 10: Economic and community development: urban. (JW)

- P: Michael Porter, "An Economic Strategy for America's Inner Cities: Addressing the Controversy," in The Inner City: Urban Poverty and Economic Development in the Next Century, eds. Thomas D. Boston and Catherine Ross. Chapter 20: pp 303-336.
- P: Ross Gittel and J. Phillip Thompson, "Inner-City Business Development and Entrepreneurship: New Frontiers for Policy and Research," in Urban Problems and Community Development, Ronald Ferguson and William T. Dickens, eds, Chapter 11, pp. 473-520.
- R: Tony Saich, Governance and Politics of China, Chapter 10, pp 248-254

- O: Mexico: A Comprehensive Development Agenda for the New Era chapter 14
<http://www.bancomundial.org.mx/bancomundial/SitioBM.nsf/4628b26bc65292fd86256c720063c13c/9dfdbb4bb108d2e586256d5e005abdb0?>
18. November 12: Asset development, including micro-credit (MJB)
- O: World Bank, China: Overcoming Rural Poverty, 2001, pp. xiii-xvii, 49-50. http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2001/05/11/000094946_01042804211223/Rendered/PDF/multi0page.pdf
- P: Yingyi Qian, "How Reform Worked in China," in Dani Rodrik, editor, In Search of Prosperity, Princeton University Press, 2003, pp. 297-314. (Already in packet, refer to Sept 29).
- O: Mexico: A Comprehensive Development Agenda for the New Era chapter 12 "Micro, Small and Medium-Scale Enterprises," pp. 265-277.-
<http://www.bancomundial.org.mx/bancomundial/SitioBM.nsf/4628b26bc65292fd86256c720063c13c/9dfdbb4bb108d2e586256d5e005abdb0?>
- P: David Stoesz, A Poverty of Imagination, University of Wisconsin Press, 2000, pp. 142, 144, 148-166
19. November 17: Minimum wage; living wage. (DTE)
- O: John Kennan, "The Elusive Effects of the Minimum Wages," *Journal of Economic Literature*, Vol. 33, No. 4, December 1995, pp. 1950-1965.
<http://lib2.harvard.edu:2056/journals/00220515.html>
- O: The Harvard Committee On Employment And Contracting Policies. "Final Report: Lower-Paid Workers At Harvard University." Cambridge, MA: Harvard University, December 19 2001. <http://www.hcecp.harvard.edu/> (read executive summary and skim remainder)
20. November 19: Public health. (JW)
- B: Jonh Mullahy and Barbara L. Wolfe, "Health Policies for the Non-Elderly Poor," in Danziger and Haveman
- O: Mexico: A Comprehensive Development Agenda for the New Era chapter 19
<http://www.bancomundial.org.mx/bancomundial/SitioBM.nsf/4628b26bc65292fd86256c720063c13c/9dfdbb4bb108d2e586256d5e005abdb0?>
- R: Tony Saich, Governance and Politics of China, Chapter 10, pp 254-261
- P: John Holahan, Alan Weil, and Joshua M. Wiener, eds., Federalism and Health Policy: An Overview, Chapter 1, pp 1-23, 61, 118-119.
- O: Summary health data for the US, China and Mexico. <http://www.who.int/country>
21. November 24: Safety nets 1: General Design Issues. (MJB)
- B: John Karl Scholz and Kara Levine, "The Evolution of Income Support Policy," in Danziger and Haveman, pp. 193-228
- O: K. Subbarao et. al. Safety Net Programs and Poverty Reduction, World Bank, 1997, pp. 15-23, 159-170. <http://www->

wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/1997/03/01/000009265_3971229180803/Rendered/PDF/multi_page.pdf

- O: Mexico: A Comprehensive Development Agenda for the New Era, chapter. 21, pp. 479-509
<http://www.bancomundial.org.mx/bancomundial/SitioBM.nsf/4628b26bc65292fd86256c720063c13c/9dfdbb4bb108d2e586256d5e005abdb0?>

November 26: No class

22. December 1: Safety nets 2: Pensions. (MJB)

- P: KSG Case: Pension Reform in China: Weighing the Alternatives C14-99-1547.0
- O: Mexico: A Comprehensive Development Agenda for the New Era chapter 10, pp. 223-237
<http://www.bancomundial.org.mx/bancomundial/SitioBM.nsf/4628b26bc65292fd86256c720063c13c/9dfdbb4bb108d2e586256d5e005abdb0?>

23. December 3: Safety nets 3: welfare reform in the US (and Europe?) (JW)

- B: Ladonna A. Pavetti, "Welfare Policy in Transition: Redefining the Social Contract for Poor Citizen Families with Children and for Immigrants," in Danziger and Haveman pp. 229-277.
- P: R. Kent Weaver, Ending Welfare as We Know It, Chapter 5, "Welfare Reform Agendas in the 1990s," 2000, pp. 102-134.
- P: Rebecca Blank and Lucie Schmidt, "Work, Wages and Welfare," and Ron Haskins, "Effects of Welfare reform on Family Income and Poverty," both in Rebecca Blank and Ron Haskins, editors, The New World of Welfare, Brookings, 2001, pp. 70-96 and 103-130.

24. December 8: Where does each country go from here?

- R: Tony Saich, Governance and Politics of China, Chapter 12, Challenges in the Twenty-First Century, pp. 294-314
- O: Mexico: A Comprehensive Development Agenda for the New Era, chapters 1-5, pp. 51-141, focusing particularly on chapter 3: Poverty and Inequality
<http://www.bancomundial.org.mx/bancomundial/SitioBM.nsf/4628b26bc65292fd86256c720063c13c/9dfdbb4bb108d2e586256d5e005abdb0?>

25. Wrap up

January 9: Final assignment due