Poverty, Inequality and Social Policy

Professor: Silvia Borutzky
Email: sb6n@andrew.cmu.edu
Office Hours: Wednesday, 2:00-3:00 PM or by appointment. Feel free to email me if you need an appointment.
Office: 2112 Hamburg Hall

TAs:
Kevin Leary (kpleary@gmail.com)
Grace Luetmer (gluetmer@andrew.cmu.edu)
Lindsay Poss (lmposs24@gmail.com)

Course Description and Objectives

In her book Social Forces and States Judith Teichman argues that “significant and long term improvement in distributional outcomes is a daunting political task [that requires] a strong societal consensus on the importance of the reduction in inequality, one that compels political leaders to make difficult policy changes.” Teichman’s words indicate that poverty and inequality are not just socioeconomic problems, but critical political and policy problems both in the U.S. and in the rest of the world and that these problems do not have easy solutions.

This class attempts to tackle some of those complex problems by looking at poverty, inequality and the social and economic policies designed to ameliorate these problems in the U.S. and selected African, Asian, European and Latin American countries.

This course is divided in four sections:

a) The first section discusses the concept of inequality
b) The second section will focus on poverty and anti-poverty policies pursued in Western Europe and the U.S. This section includes a discussion of Welfare State policies in Europe and health, housing, social security and welfare policies in the U.S.

   c) The third section focuses on three middle-income countries: Chile, Mexico and South Korea. In this section, the focus is on the role that social forces and the state play in the generation of state responses to poverty and inequality. The most important of those policies/responses is job creation and these countries experiences illustrate different approaches to the issue. China’s approach to economic development and job creation is included here as well. Conditional Cash Transfers will be examined in this section because they originated in Mexico and are widely applied in Middle- Income countries such as Brazil.
d) The fourth section analyses poverty and the behavior of the poor in very poor countries, or regions of the world. It also discusses specific policies such as micro financing and Unconditional Cash Transfers, also known as Universal Basic Income, the newest form of social policy.

2.-Skills: **The course emphasizes the development of analytical skills.**

Students will develop these analytical skills in different forms:

a) **Class discussions** which will allow the students to develop the ability to analyze, discuss, and defend different policy positions in an academic environment

b) **Writing two policy memos**: It is critical for all of us to be able to summarize a problem, present possible solutions, and recommend policies/solutions to others. The policy memos allow the students to develop these very important skills. Students are expected to assume the role of a policy maker and provide specific policies to the President or another relevant policy maker. The policy memos emphasize the use of data, the analysis of the problem, and the policy design.

c) **Group presentation and paper**: Group presentations are geared to allow the student to develop the ability to work in a project with other students, learn about a specific topic in depth, and prepare a class presentation using either power point or class handouts. In order to ensure the effectiveness of the presentation the instructor meets with the student about a week before the presentation to set the specific topics and parameters of the presentation. The handout or slides need to be submitted to the instructor at least 24 hours before the presentation. The instructor will review the slides or handouts in order to verify the effectiveness of the presentation. The members of the group will also have to provide the instructor with a 10-12 pp. case study paper. The paper will be due five days after the presentation.

d) **Analytical essays**: The final exam consists of two analytical essays or memos in which the students will analyze the core concepts studied in the class and apply them to specific cases.

**Requirements and grading**

It is required to **attend class, do the readings and participate in the class discussions**

Students who do not attend class will have their grade substantially reduced.

Grade reduction will proceed as follows:

Between 3-4 unexcused absences= One point reduction i.e. from A to B  
Between 5-6 unexcused absences=two points reduction i.e. from A to C  
Over 6 unexcused absences= students will fail the class

If you have a reason for not attending class, please email me.
Grading:
Policy Memos= 50% of the grade (25% each)
Group project: Includes presentation and paper= 25% of the grade
Final exam= 25% of the grade

Policy memo. Memo topics and detailed guidelines will be distributed to the class on the assigned date
Students will have the option of submitting a draft of the memo to the TA for comments.
Students are strongly encouraged to use this option. The TA will be able to review the paper’s content, style and citations.

Group project: Students will select a country or policy during the second week of classes and the instructor will form groups of about four or five students each. The group will do a class presentation and write a case study paper on the chosen topic. Topics will be organized around policy areas or countries.
The length of the paper is between 10-12 pp. double spaced, one-inch margins. The paper will be due five days after the presentation and the instructor will provide guidelines for each paper after the presentation

Memo and Papers Grading Criteria

<table>
<thead>
<tr>
<th>Problem</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grammar and spelling:</td>
<td>minus half grade point</td>
</tr>
<tr>
<td>minor problems</td>
<td>minus one point</td>
</tr>
<tr>
<td>Major problems</td>
<td></td>
</tr>
<tr>
<td>Missing sections:</td>
<td>minus half point each</td>
</tr>
<tr>
<td>a) Abstract and/or conclusions:</td>
<td>minus one point</td>
</tr>
<tr>
<td>b) Missing one of the content sections:</td>
<td>minus one point</td>
</tr>
<tr>
<td>c) Failing to analyze the problem:</td>
<td>minus one point</td>
</tr>
<tr>
<td>Recommendations:</td>
<td>minus one point</td>
</tr>
<tr>
<td>No recommendations</td>
<td></td>
</tr>
<tr>
<td>Good idea for a recommendation,</td>
<td>minus half point per recommendation</td>
</tr>
<tr>
<td>but poor development or implementation:</td>
<td></td>
</tr>
<tr>
<td>Citations:</td>
<td>minus one point to failing grade</td>
</tr>
<tr>
<td>Depending on the seriousness of the problem:</td>
<td></td>
</tr>
</tbody>
</table>

Cheating and Plagiarism
Students who plagiarize will receive 0 points in the assignment and consequently will fail the class. The instructor will make use of all available University policies. All cases of plagiarism will be reported to the Dean and Program Chair.
**Laptops are not allowed in class** unless the student has obtained special permission from the instructor

**Cell phone use and texting:** Please disconnect your cell phone before coming to class and refrain from either checking messages or sending text messages.

**Use of Internet Sources:** Please use reliable sources. Wikipedia and blogs are not reliable sources.

**Take care of yourself.**

Do your best to maintain a healthy lifestyle this semester by eating well, exercising, avoiding drugs and alcohol, getting enough sleep and taking some time to relax. This will help you achieve your goals and cope with stress.

All of us benefit from support during times of struggle. You are not alone. There are many helpful resources available on campus and an important part of the college experience is learning how to ask for help. Asking for support sooner rather than later is often helpful.

If you or anyone you know experiences any academic stress, difficult life events, or feelings such as anxiety or depression, we strongly encourage you to seek support. Counseling and Psychological Services (CaPS) is here to help: call 412-268-2922 and visit their website at [http://www.cmu.edu/counseling/](http://www.cmu.edu/counseling/). Consider reaching out to a friend, faculty or family member you trust for help getting connected to the support that can help.

**Accommodations for Students with Disabilities:**

If you have a disability and have an accommodations letter from the Disability Resources office, I encourage you to discuss your accommodations and needs with me as early in the semester as possible. I will work with you to ensure that accommodations are provided as appropriate. If you suspect that you may have a disability and would benefit from accommodations but are not yet registered with the Office of Disability Resources, I encourage you to contact them at [access@andrew.cmu.edu](mailto:access@andrew.cmu.edu).

**Writing Support:** Feel free to get in touch with the Global Communication Center (GCC), if you need writing support. You can schedule appointments by emailing the [gcc-cmu@andrew.cmu.edu](mailto:gcc-cmu@andrew.cmu.edu)
Important dates:
Policy memo 1: Topic distributed Sept 26
Memo due: Oct. 7 before 10:00 PM

Policy memo 2: Topic distributed Oct 24
Memo due: Nov. 4 before 10:00 PM

Take home final: Topic Distributed Nov. 28
Exam due: Dec 8 before 10:00 PM

Required Books:
Judith Teichman, Social Forces and States: Poverty and Distributional Outcomes in South Korea, Chile and Mexico, Stanford University Press, 2012
Abhijit Banerjee and Esther Duflo, Poor Economics: A Radical Rethinking of the way to Fight Poverty, Public Affairs 2011
Please note that some of these books are available in Kindle and paperback

Syllabus
Section 1: Introduction and Inequality

Aug 29:
Topic: Introduction: Measuring Poverty and Inequality; Why to be concerned? What about inequality? The role of social policy
Readings will be emailed to the class

Sept 5:
Topic: Inequality
Read:
F. Bourguignon, The Globalization of Inequality, pp. 1-116
This section of the book will be emailed to the class and it is available on Canvas

Section II: The Welfare State in Europe and Anti-Poverty-Policies in the U.S.

Sept 12:
Topics: The Welfare State: How Poverty was Reduced in Europe after WW II; The Swedish Welfare State

https://www.tandfonline.com/doi/abs/10.1080/034687501750303837

Eduardo Porter, The Myth of Welfare’s Corrupting Influence on the Poor”, The NYT, 2015,

Articles can be accessed on line or on Canvas

Sept 19:
Topics:
a) U.S. Anti-Poverty Policies: Introduction
Read:
Legacies of the War on Poverty, pp. 1-37 (feel free to read the sections on education if you are interested)

b) U.S. Housing Policies
Read:


Sept 26:
Topics: The U.S.: Welfare and Social Security Policies
Read: Legacies of the War on Poverty, pp. 151-234

https://fas.org/sgp/crs/misc/RL32760.pdf

Robert Moffitt “A Primer on U.S. Welfare Reform” Institute for Research on Poverty
https://www.irp.wisc.edu/publications/focus/pdfs/foc261c.pdf

https://www.nasi.org/socialsecurityprimer

Silvia Borzutzky, “Chile’s Privatization of Social Policies: Lessons for the US” (on Canvas)
All the assigned articles are on Canvas or can be accessed online
Conservative approaches to these policies can be found in The CATO Institute and the Heritage Foundation’s websites

Memo topic distributed: Sept 26,
Memo due: Oct 7 before 10:00 PM

Oct 3:
Topic: U.S. Anti-Poverty Policies: Focus on Health: Medicare, Medicaid and the ACA
Read: Legacies of the War on Poverty, pp. 235-298

David Blumenthal, et. al. “The Affordable Care Act at 5 years” The New England Journal of Medicine, June 18, 2015, pp. 2451-2458

Christine Eibner, “The Affordable Care Act in Depth” Rand Corporation
https://www.rand.org/health/key-topics/health-policy/aca/in-depth.html

Ricardo Nulia, “Poor and Uninsured in Texas” The New Yorker, August 18, 2016
J. McDermott, ‘Both in rich and poor countries, universal health care brings huge benefits’,


Additional information on the dismantling of the ACA during the last year will be provided to the class
Articles on Canvas and on line
Conservative approaches to these policies can be found in The CATO Institute and the Heritage Foundation’s websites

Oct 10:
Topics: US Anti-Poverty Policies: Focus on wages, Minimum Wage, Gender Wage Gap
Assessment of U.S. social policies and their impact
Read

The Guardian, “Gender pay gap means women work 67 days a year for free, says TUC”, 2018


https://www.epi.org/publication/raising-americas-pay/

Sawhill and Q. Karpilow, “Raising the Minimum Wage and Redesigning the EITC”, Center on Children and Families, Brookings Institution, 2014
https://www.brookings.edu/research/raising-the-minimum-wage-and-redesigning-the-eitc/

Valerie Wilson, et. al., “Black women have to work 7 months into 2017 to be paid the same as white men in 2016” Economic Policy Institute, https://www.epi.org/blog/black-women-have-to-work-7-months-into-2017-to-be-paid-the-same-as-white-men-in-2016/


Stanford Center on Poverty and Inequality, “The State of the Union: Poverty and Inequality, Report 2018” (This document provides an assessment of the policies and their impact) [https://inequality.stanford.edu/sites/default/files/Pathways_SOTU_2018.pdf] Articles can be accessed on line or on Canvas

Conservative approaches to these policies can be found in The CATO Institute and the Heritage Foundation’s websites

**Section 3: Poverty Reduction through Socioeconomic Policies**

**Oct 17**
Topic: Chile, South Korea and Mexico: Origins of Poverty and Inequality; Impact of economic policies in poverty reduction; the role of government in economic policies
Read: Social Forces and States: Poverty and Distributional Incomes in South Korea, Chile and Mexico, pp. 1-117

**Oct 24**
Topics:
a) Distributional Outcomes, Social Conditions and Welfare Regimes in the Twenty-First Century
Read: Social Forces and States: South Korea, Chile and Mexico, pp. 118-183

b) Social Policies and Conditional Cash Transfers in Developing Countries
Read: Armando Barrientos, et. al. “Growing Social Protection in Developing Countries: Lessons from Brazil and South Africa” Routledge, 2013, [http://dx.doi.org/10.1080/0376835X.2013.756098]


https://www.rand.org/pubs/working_papers/WR921-1.html
Articles available on Canvas and on-line

Memo 2: Distributed Oct 24. Memo: Due Nov. 4 before 10:00 PM

Oct. 31st
Topics:
a) Reducing Poverty in China: Industrialization and Inequality: Can others copy the Chinese model?
b) Assessment of the policies studied in this section
Comparing China, India and Brazil.
Read
Martin Ravallion “A Comparative Perspective on Poverty Reduction in Brazil, China, and India” The World Bank Research Observer # The Author 2010. Published by Oxford University Press on behalf of the International Bank for Reconstruction and Development

Section 4: Behavioral Approaches to Poverty among the Poorest
Nov. 7
Topic: Poverty among the Poorest
Read:
Abhijit Banerjee and Esther Duflo, Poor Economics: A Radical Rethinking of the way to Fight Global Poverty, pp. 1-101

Nov. 14
Topic: Savings, Lending, Entrepreneurship and Microfinance
Read:
Poor Economics: A Radical Rethinking of the way to Fight Global Poverty, pp. 101-181

Jpal, “Microcredit: Summary of Seven Studies on the impact of Microcredit: Where Credit is due”, 2015
https://www.povertyactionlab.org/sites/default/files/publications/where-credit-is-due.pdf

**Nov 28**

**Topic:** Savings, Policies and Politics, Gender Issues and Unconditional Transfers

**Read:** Poor Economics: A Radical Rethinking of the way to Fight Global Poverty, pp. 183-274


---

**Final Exam distributed: Nov 28, Exam due Dec 8**

---

**Dec. 5**

**Topic:** Regional Assessments, Inequality Reduction and Conclusions

**Read:**

Renos Vakis, et. al., “Left behind: Chronic Poverty in Latin America” World Bank Group, 2016, Read the overview and conclusions
https://openknowledge.worldbank.org/bitstream/handle/10986/21552/9781464806605.pdf?sequence=10&isAllowed=y


---

**Take home exam due: December 8 before 10:00 PM via email**