

**School of Social Work  
1350 University Avenue  
Madison, WI 53706**

**SW951: Economic Theory Applied to Social Problems  
Fall, 2017**

**Instructor:** Marah A. Curtis, Ph.D. ([mcurtis3@wisc.edu](mailto:mcurtis3@wisc.edu))  
**Class Time:** Wednesday, 9:30-12:30  
**Location:** SW, Room 315B  
**Office:** SW, Room 202  
**Office hours:** by appointment

### **I. Course Description**

This interactive seminar is designed to foster critical thinking about the application of theory to research using economic theory as the tool. The primary objective is to increase participants' ability to critically evaluate the application of economic theory to social problems and trace the empirical and theoretic work in the area. The field of economics addresses a wide variety of questions and topics. The seminar includes a review of selected topics in microeconomic theory, public finance and urban economics and their application to issues such as public expenditures, program design and homelessness. An individual project will allow each participant to pursue a topic of deep interest, developing facility with the empirical and theoretical work in that area.

### **II. Course Objectives**

- To develop the skill to apply economic theory to social problems
- To understand core concepts and recognize their application across problem areas
- To critically consume, discuss and recognize the influence of economic reasoning across various policy domains
- To use economic theory and research to understand the current state of knowledge around a problem area
- To understand the implication of measuring and modelling techniques in the application of economic theory

This seminar course relies heavily on the investment, involvement and engagement of all students. To facilitate the needed learning environment, all readings must be done before class. Class time will involve a combination of learning, reading, writing and group activities to further course objectives.

## II. Course Content: Topics and Readings

Week 1: September 6: Using Economic Theory to Address Social Problems

- What are the tools?
- What are the applications?
- What are the challenges?

### Background reading:

Lewis, M.A. & Widerquist, K. (2002). *Economics for social workers: the application of economic theory to social policy and the human services*. Columbia University Press: NY.

Chapter 1: The economic perspective

Chapter 2: Marginal Analysis

Chapter 3: Perfect Competition and the supply-and-demand model

Chapter 5: Market failure and government intervention

Chapter 6: Cost-benefit and cost-effectiveness analysis

Chapter 8: The economics of labor

Chapter 9: The economics of poverty

Chapter 11: Economic demography

**Note:** These chapters will introduce basic concepts in microeconomics that are helpful. Lewis and Widerquist also make the case for “why” these tools are useful, specifically for social policy and human services.

Week 2: September 13: Introduction to supply and demand and the market for labor

- how to think about labor markets
- measures, models
- policy design example

Readings:

Ehrenberg, R.G. & Smith, R.S. (2015). Overview of the labor market. In *Modern labor economics: theory and public policy* (pp. 25-58; ch. 2), (12<sup>th</sup> ed.). New York, N.Y.: Routledge.

Ehrenberg, R.G. & Smith, R.S. (2015). The demand for labor. In *Modern labor economics: theory and public policy* (pp. 59-94; ch. 3), (12<sup>th</sup> ed.). New York, N.Y.: Routledge.

Gruber, Jonathan. (1994). The incidence of mandated maternity benefits. *The American Economic Review*, 84(3): 622-641.

Week 3: September 20: The decision to work

- work, leisure
- application to benefit programs

Readings:

Ehrenberg, R.G. & Smith, R.S. (2015). Supply of labor to the economy: the decision to work. In *Modern labor economics: theory and public policy* (pp. 168-210; ch. 6), (12<sup>th</sup> ed.). New York, N.Y.: Routledge.

Gruber, Jonathan. (2000). Disability insurance benefits and labor supply. *The Journal of Political Economy*, 108(6): 1162-1183

Romich, J.L. (2006). Difficult calculations: low-income workers and marginal tax rates. *Social Service Review*, 80:1, 27-66.

Week 4: September 27: Household Economics

- theoretical evolution, demographic changes
- model extensions – child decisions
- bargaining in households

Readings:

Lundberg, S. & Pollak, R.A. (2007). The American family and family economics. *The Journal of Economic Perspectives*. 21(2): 3-26.

Bergstrom, T.C. (2007). Some evolutionary economics of family partnership. *American Economic Review*, 97(2): 482-486.

Lundberg, S., Romich, J. & Tsang, K.P. (July 2007). Decision-making by children. Discussion paper series, Institute for the Study of Labor. IZA DP No. 2952

Week 5: October 4: Human Capital

Readings:

Ehrenberg, R.G. & Smith, R.S. (2015). Investments in human capital: education and training: In *Modern labor economics: theory and public policy* (pp. 282-326; ch. 9), (12<sup>th</sup> ed.). New York, N.Y.: Routledge.

G. Becker. (1962). Investment in human capital: A theoretical analysis. *The Journal of Political Economy*, 70(5):9-49.

Fryer, R.G. (2017). The ‘pupil’ factory: specialization and the production of human capital in schools. Working paper, Harvard University and NBER.

Week 6: October 11: Public Finance – select concepts

This course is concerned with the implications of economic theory for social problems, and, by extension understanding constructs undergirding public finance is helpful to think well about the funding of public programs.

Readings:

Rosen, H.S. (2005). Income redistribution: conceptual issues. In *Public Finance* (pp. 143-164; ch. 7), (5<sup>th</sup> ed). New York, NY: McGraw Hill.

Rosen, H.S. (2005). Expenditure programs for the poor (pp. 166-190; ch. 8). In *Public Finance* (pp. 143-164), (5<sup>th</sup> ed). New York, NY: McGraw Hill.

Gruber, J. (2011). The tax exclusion for employer-sponsored health insurance. *National Tax Journal*, 64 (2, Part 2): 511-530.

Week 7: October 18: Urban Economics – brief primer

- Why cities?
- Use of place and space?
- Key terms, concepts
- Use of some familiar tools, introduction of proximity, agglomeration economies

Readings:

O’Flaherty, B. (2005). Why proximity is good. In *City Economics* (pp. 12-33; ch. 2). Cambridge, Mass: Harvard University Press.

Glaeser, E. (2011). What’s good about slums? In *Triumph of the City* (pp. 69-91; ch. 3). New York, NY: Penguin Books.

Glaeser, E. (2011). How were the tenements tamed? In *Triumph of the City* (pp. 93-116; ch. 4). New York, NY: Penguin Books.

Week 8: October 25: Urban Economics – housing tools

- How to think about housing markets
- Policies, programs, data and evaluation

Readings:

Green, R.K., & Malpezzi, S. (2003). The market for housing services. *A primer on U.S. housing markets and housing policy* (pp. 5-78). Washington, DC: The Urban Institute Press.

O’Flaherty, B. (2005). Housing: The big picture. In *City economics* (pp. 348-389; ch. 13). Cambridge, Massachusetts: Harvard University Press.

Week 9: November 1: Individual project meetings

Bring your abstract, outline and copies of 2-5 articles that have been pivotal in framing your paper. This a “working meeting” where you can ensure clarity where needed and refine where helpful.

Week 10: November 8: Guest Lecture: Kurt Paulsen, Ph.D, Department of Planning and Landscape Architecture, UW

“The Monocentric Model + Racism + Zoning Explains why Housing is Unaffordable, Metros are Segregated, Everyone Drives too Much and Why Solving it is so Darn Hard.”

Readings: TBD

Week 11: November 15: The Economics of Discrimination

- Useful concepts
- Terms, history and methods

Readings:

Ehrenberg, R.G. & Smith, R.S. (2015). Gender, race and ethnicity in the labor market (pp. 399-449; ch. 12). In *Modern labor economics: theory and public policy*, (12<sup>th</sup> ed.). New York, N.Y.: Routledge.

O’Flaherty, B. (2015). Classic texts. In *The Economics of race in the United States* (pp. 7-22; ch. 2). Cambridge, Mass: Harvard University Press.

O’Flaherty, B. (2015). What is race. In *The Economics of race in the United States* (pp. 23-45; ch. 3). Cambridge, Mass: Harvard University Press.

O’Flaherty, B. (2015). Employment and earnings. In *The Economics of race in the United States* (pp. 95-149; ch. 5). Cambridge, Mass: Harvard University Press.

Week 12: November 22: Crime

- From Becker’s model to current work
- Measurement issues
- Implications for social science
- Context: police encounters, court data and arrests

Readings:

Levitt, S.D. & Miles, T.J. (2006). Economic contributions to the understanding of crime. *Annual Review of Law and Social Science*, 2, pp. 147-164.

O'Flaherty, B. (2015). Crime. In *The Economics of race in the United States* (pp. 331-378 ; ch. 11). Cambridge, Mass: Harvard University Press.

Geller, A. (2016). The process is still the punishment: low-level arrests in the Broken Windows era. *Cardoza Law Review*, 37, pp. 1025-1057.

Week 13: November 29: Housing and homelessness: How do the theoretical tools help us to think about this core good?

- Can you articulate the theory and empirical tests that follow?

Readings:

Glomm, Gerhadt & John, A. (2002). Homelessness and labor markets. *Regional Science and Urban Economics*, 32(5), 591-606.

O'Flaherty, B. (2004). Wrong person and wrong place: For homelessness, the conjunction is what matters. *Journal of Housing Economics*, 13(1), 1-15.

Curtis, M.A., Corman, H., Noonan, K. & Reichman, N.E. (2013). Life shocks and homelessness. *Demography*, 50(6), 2227-2253.

Week 14: December 6

FINAL PRESENTATIONS

Week 15: December 14

FINAL PRESENTATIONS

### **III. Texts and Reading Materials for this course**

There is no required text for this course, all readings are available on Canvas. Following are texts we use in the course, those with an \* are available at the Social Work library on reserve. Most of the texts are available to borrow for longer periods of time through the UW library system.

Ehrenberg, R.G. & Smith, R.S. (2015). *Modern labor economics: theory and public policy* (12<sup>th</sup> ed.). New York, N.Y.: Routledge.

Glaeser, E. (2011). *Triumph of the City*. New York, NY: Penguin Books

Green, R.K., & Malpezzi, S. (2003). *A primer on U.S. housing markets and housing policy*. Washington, DC: The Urban Institute Press.

\*Lewis, M.A. & Widerquist, K. (2002). *Economics for social workers: the application of economic theory to social policy and the human services*. Columbia University Press: NY.

O'Flaherty, B. (2005). *City Economics*. Cambridge, Mass: Harvard University Press.

\*O'Flaherty, B. (2015). *The Economics of race in the United States*. Cambridge, Mass: Harvard University Press.

Rosen, H.S. (2005). *Public Finance* (5<sup>th</sup> ed). New York, NY: McGraw Hill.

#### **IV. Assignments, Grading and Methods**

- Weekly reading reviews: The exercise here is to summarize, briefly, the core concepts across readings with attention to the use of economic theory to understand, model and deal with the substantive question. Summaries are 2-3 pages. Summaries should be submitted to Canvas by 8:30 a.m. on the Tuesday before class. Weekly reviews are due for Weeks 2, 3, 4, 5, 6, 7, 9, 11, 12 and 13.
- Individual project meeting on Class 9. Assigned times, arrive with your abstract, outline and copies of 2-5 articles to be referenced for the paper.
- Paper (or develop a draft prelim or dissertation section) applying economic theory to a social problem of your choice. The exercise here is to properly frame the question, understand how economic theory attempts to answer the question, clarity around how this is manifest in the empirical approach, and finally, what we still need to know and why. Final paper (8-12 pages) is due between Week 13 and Week 15 (December 14). Paper submission to Canvas.
- Paper Presentation delivered on Week 14 (December 6) and Week 15 (December 14). This is an opportunity to present your work to your peers, field questions and respond to feedback. Each presenter should assign one empirical article for the class to read a week prior.
- Class participation will be assessed through attendance, contribution, group work and an overall willingness to actively engage in all activities to facilitate course objectives

#### **Grading**

35% -- Weekly reading reviews

35% -- Final Paper

15% -- Presentation

15% -- Class participation

A	94-100	outstanding; surpasses expectations in all areas
AB	88-93	surpasses expectations in many areas
B	82-87	meets expectations in all areas

BC	76-81	meets expectations in some areas; below in others
C	70-75	below expectations in most areas, not acceptable graduate work
D	64-69	below expectations in all areas
F	<64	fails to meet expectations in all areas, not acceptable work