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Poverty and Discrimination

Kevin Lang

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with the principle expressed by this statement: reinsurance would certainly decrease the benefit of using selection mechanisms. On the other hand, it is unclear how large the costs of using selection mechanisms are and, to the extent that the insurance companies continue to bear any risk from relatively high spenders (and they do, under her proposal), the benefits from selection will remain above zero. Therefore, the incentives for using selection mechanisms are unlikely to be completely eradicated.

The book is very thorough, careful, and heavily end-noted. With this type of policy change, "the devil is in the details," as Swartz writes (p. 109). Accordingly, she does not gloss over the details, but lays out the issues that would need to be addressed and anticipates a myriad of potential concerns. For example, to prevent large-scale geographic redistribution as a result of the vast regional differences in health care spending (which appear to be unrelated to population health status or health care quality), she suggests differential reinsurance cut-off parameters in different parts of the country. Similarly, she recommends standardizing benefit packages in order to avoid providing more generous subsidies to those who buy the most generous insurance policies.

Where the book has limitations, it is upfront about them. One such limitation, in my opinion, is the estimates of the government costs associated with implementing the proposal, which I suspect are understated. Swartz estimates that government reinsurance for the small- and non-group insurance markets would cost roughly $19 billion per year (in 2005 dollars) and would add 15 million uninsured individuals to the insurance rolls. At roughly $1,300 per newly insured individual, these estimates sound relatively cost-effective. However, this type of reinsurance program would decrease premiums in the small- and non-group markets sufficiently that some larger employers might drop their plans and some employees might switch, either voluntarily or involuntarily, to the small- and non-group markets, raising the costs of the program. Swartz is upfront about the fact that these cost estimates exclude such behavioral responses, and recommends that "a microsimulation model should be used to arrive at a more sophisticated estimate" (p. 119).

Although it is written by an economist, this book is intended for a broader audience. It is not focused on a new theoretical model or novel empirical evidence. Rather, it lays out a carefully reasoned rationale for reinsurance in the small- and non-group health insurance markets, and does so in a non-technical, accessible manner. As the next Presidential election approaches and the nation's attention turns to health care policy, this book makes a valuable contribution to the dialogue.

Robin McKnight

Assistant Professor of Economics
University of Oregon

Poverty and Discrimination. By Kevin Lang. Princeton, N.J.: Princeton University Press, 2007. xiii, 408 pp. ISBN 13-978-0-691-11954-0, $60.00 (Cloth).

Kevin Lang writes, "the goal of this book is to help you distinguish the good [quantitative] research from the rest" (p. 9). He achieves this goal by discussing accessible statistical studies of important poverty and discrimination issues and commenting on their strengths and limitations. So that readers understand the social and intellectual context of the studies that are presented, much of the book discusses major theories, important empirical evidence, and key policy issues relevant for understanding and reducing poverty and discrimination in the United States. Informing readers about these substantive issues is the second, more obvious purpose of *Poverty and Discrimination.* The close integration of substantive and methodological issues is a novel approach that many instructors will find attractive.

The opening chapter quickly prepares readers for this integrative approach by discussing how research on poverty and discrimination has evolved since the early studies of the negative income tax. It also remarks on the roles of statistical analysis and values in policy analysis. Chapter 2 discusses the measurement of poverty. Chapter 3 is titled "The Evolution of Poverty Policy," but in it the historical review of federal poverty policy since 1970 gets short shrift. The chapter quickly moves from describing policies to laying out analytic issues such as how the Earned Income Tax Credit may affect labor supply. Chapter 4 describes trends in poverty. It takes readers through a careful accounting exercise that identifies major factors behind the trends and sets the stage for Chapter 5's discussion of labor market policies. Chapter 6 turns to family structure issues and the broad range of programs aimed at helping disadvantaged infants and toddlers. Chapter 7 briefly considers concentrated poverty, neighborhood effects, programs to help residents of high-poverty areas relocate, and community development. The discussions of education policy and welfare reform in Chapters 8 and 9 are more detailed and probing than the policy discussions in earlier chapters.

Chapter 10 opens the discussion of discrimination by describing the major economic theories of its causes. Chapter 11 discusses race discrimination in labor markets and the legal remedies and other policy options for reducing it. Chapters 12 and 13 provide parallel treatments of race discrimination in education, housing, other customer markets, and the judicial system. Chapter 14 covers similar ground for sex discrimination and includes a welcome section on sexual orientation. The final chapter presents the author's conclusions, based on his values and reading of the evidence, about the most promising directions for poverty and discrimination policies.

The text explicitly takes an economic perspective to the issues and discusses a number of sophisticated empirical studies produced by economists. Though it does an excellent job of keeping technicalities to a minimum by avoiding equations and presenting theories using simple but apt examples, readers without a grasp of intermediate microeconomics and basic regression analysis will still find it tough going. Restricting attention almost entirely to the economics literature keeps the book's length manageable and allows more extensive examination of economic theories and empirical studies. But doing so leaves readers with an incomplete picture of the scope of high-quality research on poverty and discrimination. To me, this is most apparent in the material on family structure, child well-being, and concentrated poverty, topics to which sociologists and developmental psychologists have made major contributions.

While no text can cover every topic germane to poverty and discrimination and this one does address a huge range of topics, three omissions deserve mention. Most egregious is the neglect (save for two short descriptive paragraphs) of child support policy. In view of child support's importance for single parent families, its prominence in poverty policy debates for more than 25 years, the interesting behavioral issues it raises, and the torrent of research on it, instructors who adopt this book will need to assign supplemental material on this topic. The text does not include comparative data on the level, trend, and demographic composition of poverty in other affluent countries. This choice forgoes the opportunity to place the U.S. situation in international perspective and engage students in thinking about why our rate of poverty is among the highest. Readers interested in poverty among elders will need to look elsewhere. The economic well-being of elders, Social Security, Supplemental Security Income, Medicare, and pension policy receive scant attention.

Poverty and Discrimination is intended for two audiences: "advanced undergraduates and masters-level students in the social sciences and public policy, and individuals involved in policy" (p. xii). It will successfully serve students who have the needed preparation. Students who work through the material will gain a comprehensive overview of the major economic theories used to analyze poverty and discrimination and of the sweep of current policies (except child support) intended to reduce poverty among children and working-age adults and discrimination by race and sex. Among persons involved in policy, the book is likely to be most useful to non-partisan legislative and executive staff who have the requisite background, need a quick overview of some aspect of poverty or discrimination policy, and want to sharpen their skill in evaluating empirical evidence about social policy. Readers of the book will become better critics of statistical evidence used in policy debates and more skeptical of strong claims about a policy's success (or failure). They also will more fully understand the difficulty of conducting highly credible policy research and crafting effective policies.

Instructors will find the text to be a sound core for a semester course. They will probably want to supplement each chapter with a few accessible journal articles that expand on some of the substantive issues and provide in-depth illustrations of quantitative methodologies used in policy research. Including high-quality ethnographic and other qualitative studies as well as exemplary work in sociology and developmental psychology would help make students aware of the full range of research on poverty and discrimination and the need to bring multidisciplinary perspectives to bear on complex social issues.

Written for more advanced readers than previous texts on poverty and discrimination in the United States, *Poverty and Discrimination* fills an important gap. Notwithstanding its limitations, it is a welcome addition to the pedagogical literature.

Robert D. Plotnick

Professor of Public Affairs
University of Washington

Labor Economics

Demanding Work: The Paradox of Job Quality in the Affluent Economy. By Francis Green. Princeton: Princeton University Press, 2005. 252