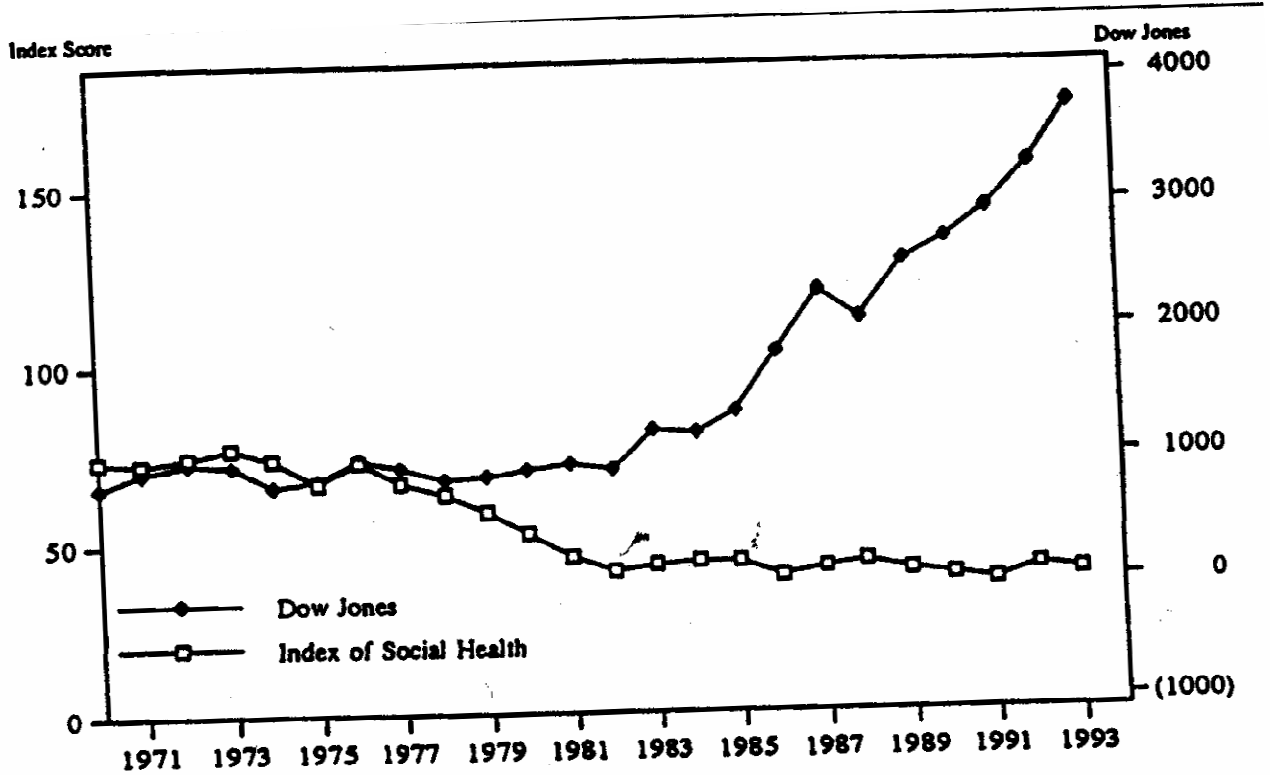


SW 501 - Poverty and Inequality
2002 Midterm Exam
J. Romich

1. (30 points) The following questions refer to Figure 1 (taken from Kawachi, Wilkerson & Kennedy, 1999). There are a few smudges on the picture above 1983 & 1987 – those are just smudges and don't mean anything.



1a. Breathe deeply. What would be a good title for this graph? [titles are very basic, 10-15 words or so]

1b. Describe the graph. What are the trends? [3-5 sentences, Note that the Index of Social Health (ISH) is measured on the left axis and the Dow Jones is measured on the right axis.]

1c. The Index of Social Health is an alternate measure of social well-being, like the Human Development Index. List three items that might be in the Index of Social Health.

1d. In their article on income inequality and health, Kawachi and coauthors put forth a hypothesis that explains the divergent trends in the graph above. What is their main argument? [2-4 sentences]

2. (20 points) Compare the following facts for these two families in 2001. Both families have one adult and two kids and rent their housing.

Family A earned \$11,000 and spent \$11,000.

Family B earned \$11,000 and spent \$30,000.

Which family or families are officially poor given the federal poverty line (FPL) of \$14,269? Do you think this measure adequately reflects the two families' situations? Why or why not? If yes, describe another way to measure poverty that would do an equally good job. If no, describe another way to measure poverty that would do a better job. [4-6 sentences]

3. (20 points) You are interested in changes in economic well-being among the ten single, childless persons in Yurlokal City over the last five years (there are only 10 single people—it's a small city). The below table shows the income for these ten people in 1997 and in 2002 as well as the mean income for each year.

Income for Single Residents of Yurlokal City, 1997 & 2002

Person	<i>Income in</i> 1997	<i>Income in</i> 2002
1.	\$60,000	\$160,000
2.	\$42,000	\$42,000
3.	\$38,000	\$38,000
4.	\$34,000	\$33,000
5.	\$29,000	\$28,000
6.	\$29,000	\$28,000
7.	\$24,000	\$23,000
8.	\$12,000	\$11,000
9.	\$8,000	\$7,000
10.	\$4,000	\$0
Mean Income	\$28,000	\$37,000

The Yurlokal mayor's office releases a statement saying that 1.) economic well-being has improved—in particular average income has risen and 2.) the poverty rate has stayed the same. The mayor claims that this means the people of the city are "better off."

Use \$10,000 as the poverty line (it's close to the FPL for a single person). You will see that the two facts in the mayor's report are correct.

Do you agree with the statement that people are "better off"? Justify your answer in one paragraph using at least two specific concepts related to measurement of poverty and the distribution of income.

Examples of some specific concepts are: mean versus median, depth of poverty, deciles, quintiles, percentiles, gap between top deciles and bottom deciles.

4. (30 points) CHOOSE EITHER 4A or 4B and answer with **two or three paragraphs** incorporating arguments from class readings and exercises. A partial bibliography is given below so that you can cite readings. You may use readings that are not on the bibliography if you feel they are related.

4. OPTION A.) What is the difference between income and wealth? Give an example of how a historical U.S. policy created unequal opportunities for wealth development along lines of race and/or class. How could these past inequalities affect well-being and income equality today?

4. OPTION B.) At Thanksgiving dinner, your Uncle Hector, a self-made business-man who owns a chain of car washes in the Seattle area, makes the following statement,

“I don’t know why the government takes so much of my money in taxes and then gives it away to the quote-unquote poor as child care supplements, health insurance, public housing and stuff. I’ve always paid for my own health care and busted my butt so that Aunt Minny could stay home and watch our kids. Besides, the state requires us to pay a minimum wage of \$6.72. That’s a lot more than I got when I started working! It’s above the [expletive deleted] poverty line, for goodness sake. People should just work a full time job and pay their own way.”

You put down your forkful of mashed potatoes and calmly respond. What do you say? Include specific details.

[If you choose to talk about yearly salary, you might want to know that \$6.72 x 40 hours per week x 50 weeks per year is \$13440 per year]

Partial and optional bibliography

- Edin, K., & Lein, L. (1997). *Making ends meet: how single mothers survive welfare and low-wage work*. New York: Russell Sage.
- Ehrenreich, B. (1999). *Nickel-and-dimed: On (not) getting by in America*. Harper's.
- Folbre, N. (2001). *The invisible heart: economics and family values*. New York: New Press.
- Kawachi, I., Wilkinson, R. G., & Kennedy, B. P. (1999). “Income inequality and health” from *The Society and Population Health Reader*. New York: New Press.
- Kozol, J. (1991). *Savage inequalities: children in America's schools* (1st ed.). New York: Crown.
- Oliver, M. L., & Shapiro, T. M. (1997). “A sociology of wealth inequality” from *Black wealth/white wealth : a new perspective on racial inequality*. New York: Routledge.
- Pearce, D., & Brooks, J. (2001). *The Self-Sufficiency Standard for Washington State*. Seattle, WA: Wider Opportunities for Women.

END TIME – please record your end time (ex: 3:20 pm)