

PLCY 295 – Topics in Poverty & Human Resources

Course Overview

Description: This course covers topics in poverty, welfare and human resources from an economic perspective, and will be of interest to students who want to specialize in social and behavioral approaches to the study of population and demographic phenomena. A preliminary list of possible topics to be covered is given below but the final list of topics will vary from year to year depending on the interests of the students and instructor.

Households and families make decisions that affect outcomes such as fertility, health, nutrition, schooling and labor market (or economic) activity, all of which profoundly impact the welfare of individuals, both in the present and future. For example, decisions that affect child health and schooling can have profound impacts on the future economic security and well-being of children when they become adults; large investments in children's human capital today can have long-term benefits but may negatively impact current family well-being, especially that of older siblings. Strategic economic behavior such as emigration, child fostering, child labor or early retirement may have positive or negative effects on current human capital accumulation and thus future welfare. Finally, all these household decisions are conditioned by individual interactions and relationships within the household which are influenced by the social and economic environment, which in turn can be influenced by public policies. This course uses the 'new' household economics framework to explore these interrelated phenomena, blending theory, existing evidence, and hands on applications in order to provide students with the tools necessary to do independent research in this area.

Structure: We will begin with a presentation and discussion of the new household economics framework and its implications for household decision-making before entering into the substantive topical areas (exact list and sequence to be determined). In each area we will review the main theoretical results, discuss the empirical application of these results including operational issues such as proxy variables and measurement, and appropriate statistical methods. There will be at least one student presentation per topic on an assigned reading.

Finally, in 2 or 3 topical areas, students will be required to estimate empirical relationships based on the theory presented in-class, typically replicating published work in the area. A preliminary list of statistical tools that will be covered include stochastic dominance tests, two-stage least squares, fixed effects (family, sibling and cluster level), difference-in difference estimators, and propensity score matching. Several classes will be held in the computer lab to facilitate data analysis (using STATA).

Objectives: The course will be taught at the advanced graduate level, and by the end of the course students should be familiar with the frontier of the topics covered, and understand the type of independent research required to contribute to the literature. The language of the course will be primarily economics, and the empirical discussions and applications will assume an understanding of regression analysis (OLS) and the methods to deal with violations of the standard OLS assumptions.

An underlying empirical theme in this literature is the evaluation of social programs and their implications for public policy. Consequently, a solid understanding of techniques of program evaluation, especially quasi-experimental methods, is useful in order to follow the debates in the literature on school and welfare reform, and the impact

of program placement on outcomes of interest; consequently, one section of this course will be devoted to selected topics in program evaluation.

Preliminary List of Topics and Illustrative Reading List

Background

- Deaton, Angus, 1997, The Analysis of Household Surveys, Baltimore: The Johns Hopkins University Press.
- Strauss, John and Duncan Thomas, 1995, 'Human Resources: Empirical Modeling of Household and Family Decisions,' in J. Behrman and T.N. Srinivasan (eds) Handbook of Development Economics Vol.3A, Amsterdam: North-Holland Press.
- Becker, Gary, 1965, 'A Theory of the Allocation of Time,' Economic Journal, Vol. 75:493-517.
- Grossman, M. (1972). "On the Concept of Health Capital and the Demand for Health." Journal of Political Economy 80: 223-255.

Poverty and Welfare

- Deaton, Angus and Salman Zaidi (1998). "Guidelines for Constructing Consumption Aggregates for Welfare Analysis." World Bank Development Economics Research Group. <http://www.worldbank.org/poverty/learning/diagnos/consump.pdf>.
- Ravallion, M (1998). Poverty Lines in Theory and Practice. LSMS Working Paper No.133, World Bank, Washington DC.
- Deaton, A. (2001). "Counting the World's Poor." World Bank Economic Observer 16(2): 125-147.
- Atkinson, A.B. (1987). "On the Measurement of Poverty." Econometrica 55(4):749-764.
- Tarp, F. et.al (2001). "The Robustness of Poverty Lines Reconsidered." Economic Development & Cultural Change Vol.51(1).
- Deaton, Ch. 3.

Child Health and Nutrition

- Behrman, J. and A. Deolalikar (1988). "Health and Nutrition" in J. Behrman and T.N. Srinivasan (eds) Handbook of Development Economics Vol. 1. Amsterdam: North-Holland.

Production Functions

- Akin, J. et.al. (1992). "A Child Health Production Function Estimated from Longitudinal Data." Journal of Development Economics 38(2): 323-351.
- Rosenzweig, M. and T.P. Schultz (1983). "Estimating a Household Production Function: Heterogeneity, the Demand for Health Inputs and Their Effect on Birth Weight." Journal of Political Economy 91(5):723-746.
- Blau, D., D. Guilkey and B. Popkin (1996). "Infant Health and the Labor Supply of Mothers." Journal of Human Resources 31(1): 90-138.
- Anderson, P., K. Butcher, P. Levine (2003). "Maternal Employment and Overweight Children." Journal of Health Economics 22: 477-504.

Reduced Forms

Behrman, J. & B. Wolfe (1984). "More Evidence on Nutrition Demand: Income Seems Overrated and Women's Schooling Underemphasized." Journal of Development Economics 14: 105-128.

Handa, Sudhanshu, 1999, 'Maternal Education and Child Height,' Economic Development & Cultural Change, Vol. 47.

Thomas, D., J. Strauss, & M-H Henriques, 1991, "How Does Mother's Education Affect Child Height?" Journal of Human Resources, Vol.26:183-211.

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Barrera, A. (1990). "The Role of Maternal Schooling and its Interaction with Public Health Programs in Child Health Production." Journal of Development Economics 32(1): 69-92.

Thomas, D., V. Lavy and J. Strauss (1992). "Public Policy and Child Anthropometric Outcomes in the Cote d'Ivoire." Journal of Public Economics.

Adult Health and Nutrition

Nutrition and Productivity

Bliss, C. and N. Stern (1978). "Productivity, Wages and Nutrition." Journal of Development Economics 5:331-398.

Duncan Thomas and John Strauss (1997): "Health and Wages: Evidence on Men and Women in Urban Brazil", in Journal of Econometrics, 77, pp. 159-185.

Strauss, J. and D. Thomas (1998). "Health, Nutrition and Economic Development." Journal of Economic Literature 36(2): 766-817.

Cawley, J. (2004). "The Impact of Obesity on Wages." Journal of Human Resources 39(2):451-474.

Income and Nutrition

Jere Behrman and Anil Deolalikar (1987): "Will Developing Country Nutrition Improve with Income? A Case Study for Rural South India", in Journal of Political Economy, 95.3, pp. 492-506.

Howarth Bouis and Lawrence Haddad (1992): "Are Estimates of Calorie-Income Elasticities too High?" in Journal of Development Economics, 39, pp. 333-364.

Shankar Subramanian and Angus Deaton (1996): "The Demand for Food and Calories" in Journal of Political Economy", 104(1), pp. 133-162.

Determinants of Adult Health

Strauss, J. et.al. (1993). "Gender and Life Cycle Differentials in the Determinants and Patterns of Health." Journal of Human Resources 28(4): pp. 791-837.

Behrman, J. and B. Wolfe (1989). "Does More Schooling make Women Better Nourished and Healthier?" Journal of Human Resources 24: 644-663.

Handa, S. (1998). "Gender and Life-Cycle Differences in the Impact of Schooling on Chronic Disease." Economics of Education Review, Vol. 17(3).

Schooling

Hanushek, Eric (1986). "The Economics of Schooling: Production and Efficiency in Public Schools." Journal of Economic Literature 24: 1142-1177.

Angrist, J. and Victor Lavy (1997). "Using Maimonides' Rule to Estimate the Effect of Class Size on Scholastic Achievement." Quarterly Journal of Economics 114(2): 533-575.

Case, A., & A. Deaton, 1999, "School Inputs and Educational Outcomes in South Africa," Quarterly Journal of Economics, 114: 1047-84.

Handa, S.(2002). "Raising Primary School Enrolment in Developing Countries: The Relative Importance of Supply & Demand." Journal of Development Economics 69(1).

Wobman, L. (2003). "Schooling Resources, Educational Institutions and Student Performance: the International Evidence." Oxford Bulletin of Economics & Statistics 65(2): 117-170.

Alderman H., Jere R. Behrman, David R. Ross and Richard Sabot (1996). "Decomposing the Gender Gap in Cognitive Skills in a Poor Rural Economy." The Journal of Human Resources, 31(1):229-254.

Waldfogel, J. et.al. (2002). "Early Maternal Employment and Child Cognitive Development." Demography 39(2):369-292.

Child Health and Schooling

Jacoby, H., P. Glewwe and E. King (2003). "Early Childhood Nutrition and Academic Achievement: A Longitudinal Analysis." Journal of Public Economics 81:345-368.

Glewwe, P. and E. King (2001) "The Impact of Early Childhood Nutritional Status on Cognitive Development: Does the Timing of Malnutrition Matter?" World Bank Economic Review 15(1): 81-113.

Alderman, H., et.al. (2001). "Child Health and School Enrolment." Journal of Human Resources 36(1): 185-205.

Behrman, J.R. 1996. The Impact of Health and Nutrition on Education. The World Bank Research Observer 11:23-37.

Intrahousehold Resource Allocation and the Family

Bergstrom, T. (1997). "A Survey of Theories of the Family." Chapter 2 in M. Rosenzweig and O. Stark (eds) Handbook of Population and Family Economics: Amsterdam: North-Holland.

Behrman, J. (1997) "Intrahousehold Distribution and the Family." Chapter 4 in Handbook of Population and Family Economics.

John Hoddinott and Lawrence Haddad (1995): "Does Female Income Share Influence Household Expenditures? Evidence from Cote D'Ivoire," Oxford Economic Bulletin, pp. 77-96.

Haddad, L., J. Hoddinott and H. Alderman (eds) (1997). Intrahousehold Resources Allocation in Developing Countries: Models, Methods, Policy. Baltimore: The Johns Hopkins University Press.

Mark Rosenzweig and T. Paul Schultz (1982): "Market Opportunities, Genetic Endowments, and Intrafamily Resource Allocation: Child Survival in Rural India", in American Economic Review, 72(4), pp. 803-815.

Folbre, N. (1986). "Cleaning House: New Perspectives on Households and Economic Development." Journal of Development Economics 22(1): 5-40.

Duncan Thomas (1990): "Intra-Household Resource Allocation", in Journal of Human Resources, 55(4), pp. 635-664.

Chris Udry (1996): "Gender, Agricultural Production, and the Theory of the Household", in Journal of Political Economy, 104(5), pp. 1010-1046.

Handa, S. (1996). "Expenditure Behavior and Children's Welfare: An Analysis of Female Headed Households in Jamaica." Journal of Development Economics, Vol.50(1): 145-160.

John Strauss, Germano Mwabu and Kathleen Beegle, (2000): "Intra-household Allocations: A Review of Theories and Empirical Evidence," in Journal of African Economics, 9 (AERC Supplement 1), pp. 83-143

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Child Labor

Special Issue on Child Labor, World Bank Economic Review (2003) Vol. 17(2).

Basu, K. and P.H.Van (1998) "The Economics fo Child Labor." American Economic Review 88(3): 412-427.

Basu, K. & Z. Tzannatos (2003) The Global Child Labor Problem: What Do We Know and What Can We Do? World Bank Economic Review 17(2): 147-173.

Grootaert, C. & R. Kanbur (1995) "Child Labor: An Economic Perspective." International Labour Review 134(2):187-203.

Ravallion, M. & Q. Wodon (2000) "Does Child Labor Displace Schooling?" Economic Journal 110(402): C158-75.

Migration

Part IV (Chapters 12-15) in M. Rosenzweig and O. Stark (eds) Handbook of Population and Family Economics: Amsterdam: North-Holland.

Carrington, W.J. et.al. (1996). "Migration with Endogenous Moving Costs." American Economic Review 86(4): 909-930.

Stark, O. and D. Bloom (1985). "The New Economics of Labor Migration." American Economic Review 75(2): 173-178.

Winters, P., A. de Janvry and B. Sadoulet (2001). "Family and Community Networks in Mexican-U.S. Migration." Journal of Human Resources 36(1): 159-184.

Borjas, G. (1994). "The Economics of Immigration." Journal of Economic Literature 32: 1667-1717.

Assimilation and Immigrant Welfare in North America

Benjamin, D. and M. Baker (1997). "The Role of the Family in Immigrants' Labor-Market Activity." American Economic Review 87: 705-727.

Borjas, G. (1996). "Immigration and the Welfare State: Immigrant Participation in Means-Tested Entitlement Programs." Quarterly Journal of Economics 111(2): 575-604.

Borjas, G. (1995). "Assimilation and Changes in Cohort Quality Revisited." Journal of Labor Economics 13(2): 201-245.

Trejo, S. (2003). "Intergenerational Progress of Mexican-Origin Workers in the US Labor Market." Journal of Human Resources 38(3): 1467-489.

Kritz, M.M. and D. Gurak (2001). "The Impact of Immigration on the Internal Migration of Natives and Immigrants." Demography 38(1): 133-145.

Program Evaluation

Evaluation and Social Experiments

Rosenzweig, M., & K. Wolpin, 1986, "Evaluating the Effect of Optimally Distributed Programs: Child Health and Family Planning Interventions," American Economic Review, Vol.76(3):470-482.

Heckman, James and Jeffrey Smith (1995) "Assessing the Case for Social Experiments." Journal of Economic Perspectives. 9(2): 85-100.

Newman, John, L. Rawlings and Paul Gertler (1994). "Using Randomized Control Designs in Evaluating Social Programs in Developing Countries." World Bank Research Observer 9(2): 181-201.

Friedlander, Daniel and Phil Robbins, (1995), "Evaluating Program Evaluations: New Evidence on Commonly Used Non Experimental Methods." American Economic Review, Vol.85: 923-937.

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Social Experiments in Practice

Schultz, T.P. (2004). "School Subsidies for the Poor: Evaluating the Mexican Progresa Program." Journal of Development Economics 74(1): 199-250.

Hodinnott, J. and E. Skoufias (forthcoming). "The Impact of Progresa on Consumption." Economic Development and Cultural Change.

Skoufias E. and S. Parker (2001). "Conditional Cash Transfers and Their Impact on Child Work and Schooling." Economia 2(1): 45-86.

Non-experimental methods

Rosenbaum, Paul and Donald Rubin (1983) "The Central Role of the Propensity Score in Observational Studies for Causal Effects." Biometrika. 70: 41-50.

Esther Duflo, (2001) "Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment", American Economic Review, pp. 795-813.

Diaz, J.J. and S. Handa (2004). "Propensity Score Matching as a Non-Experimental Impact Estimator." Mimeo, UNC-CH, Department of Public Policy.

Heckman, James, Hidehiko Ichimura, and Petra Todd (1998) "Matching as an Econometric Evaluation Estimator." Review of Economic Studies. 65: 261-294.

Van der Klauww, W. (2002). "Estimating the Effect of Financial Aid Offers on College Enrollment: A Regression-Discontinuity Approach, International Economic Review, Vol 43(4).

Jacob, B. and L. Lefgren (2004). "The Impact of Teacher Training on Student Achievement: Quasi-Experimental Evidence." Journal of Human Resources 39(1): 50-79.

Schwartz, A.E. et.a. (2004). "The Impact of School Reform on Student Performance: Evidence from New York." Journal of Human Resources 39(2): 500-522.