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**

**Poverty and Welfare**
Deaton, Ch. 3.

**Child Health and Nutrition**

**Production Functions**
Reduced Forms
Deaton Ch. 4.

Adult Health and Nutrition

Nutrition and Productivity

Income and Nutrition

Determinants of Adult Health

Schooling


**Child Health and Schooling**


**Intrahousehold Resource Allocation and the Family**


Deaton, Ch. 4.2.

**Child Labor**

**Migration**

**Assimilation and Immigrant Welfare in North America**
Program Evaluation
Evaluation and Social Experiments
Deaton Ch. 2.

Social Experiments in Practice

Non-experimental methods