PLCY 295 – Topics in Poverty & Human Resources

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Meetings: W 2-4:10, Stone Center 200
Prerequisites: Intermediate microeconomics; Multivariate regression analysis

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 poverty, population and demographic phenomena. The 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.

The course will be taught at the 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.

Format: Most of the course will follow a seminar format. In this format, each member of the group is treated as a scholar and is expected to share his or her knowledge, expertise, and scholarly opinions with the group. The instructor is simply another member of the scholarly group and thus has the same standing as the other members. The success of the seminar or scholarly interaction depends on the preparation of each individual and her desire and willingness to share ideas (no matter how controversial) and otherwise engage in discourse. To facilitate the scholarly interaction, at each seminar a sub-set of the group will be responsible for presenting an article (or point of view)
along with some critical questions to motivate the discussion. The purpose of the seminars is to dig deeper into specific issues and problems within a broad topical area.

Some class sessions (about one-third) will follow the traditional ‘lecture’ format where I will present theoretical models, technical material, or general issues related to the current topic. For example, there will be lecture sessions on the construction of poverty lines, on evaluation methods and techniques, and on household economic behavioral models.

Finally, one or two sessions (likely outside of class time) will be held in the computer lab, where we will learn how to apply theoretical concepts to actual data. Lab sessions will be complemented by homework assignments that entail using real data to estimate relationships studied in class.

**Evaluation:** My assessment of your performance will be based on 3 components: seminar participation (30%), two homework assignments (30%), and a term paper (40%).

*Seminar participation:* Your score will be based on your engagement in seminars, as well as the presentations you have been assigned. For each article presentation, you must circulate a one page summary of the key point of the article, the methodological approach, results, policy implications, critiques, and at least 2 questions for discussion. I will give you helpful hints on what to focus on for each article.

*Homework assignments:* You will be given two homework assignments (one on constructing a poverty line and poverty profile, and the other on alternative evaluation techniques). I will provide the data and questions to be answered, and you must perform the data analysis (using STATA or other statistical software) and write up the results. Both assignments will be done within the first half of the course to allow you to focus on the term paper; you will work in pairs.

*Term paper:* You will be required to do original empirical analysis using secondary data on any topic you like subject to my approval. Initial results of your analysis will be presented in a class seminar during the last two weeks of the semester (11/30 and 12/7), and the final paper will be due on Tuesday 12/13. Your topic must be approved by 10/5. On 11/9 you must hand in a table of descriptive statistics and cross-tabulations of the main variables from your data set that you propose to use, along with a list of key articles relevant to your paper.

**Readings:** A general reading list by topical area is available on my website. Specific readings for each topic to be covered will be distributed in class as the semester progresses. Several background readings have been placed on reserve at the undergraduate library and these are listed below—students should read the chapter by Strauss & Thomas, and refer to the appropriate chapters in the Deaton and Bryant books as we cover them in class. The book by Deaton is also available on-line through the Davis library catalog.

