

INDIAN STATISTICAL INSTITUTE
MSQE – II
Econometric Applications – Household and Individual Behaviour

Course Description:

The emphasis of this course will be on analyzing individual and household behaviour, mostly in a developing country context with applications to empirical research. There will be three main sections of the course. In the first section we will discuss theoretical models of intra-household decisions on resource allocations followed by presentation of empirical papers to test the theory. The second part of the course will be devoted to discussion of sources of discrimination in resource allocation within households with a focus on household investments in children's health and education. The third part of the course will look into issues of women's labour supply decisions and its impact on women and households.

Course Requirements and Grade Distribution:

Term paper	50%
2 Class Presentations	20% each
Class assignments	10%

- a. Term paper: You are expected to write a research paper on any topic covered in the course. The paper should include what the research question is, the data and estimation strategy you adopt, results and conclusions. The proposal is due on the last day of the class in this semester.

- b. Class Presentations: You will be expected to give a 30-45 minute presentation of a research paper in class. The presentation should include a description of the paper's main idea, the empirical strategy followed by the author, its contributions and shortcomings.

- c. Assignments: You are expected to submit a one page write up following each paper presented in the class (with the exception of the presenter). It should include a paragraph on the paper's research question, methodology, main results and conclusions. Each student should make individual submissions.

Suggested Readings:

Gary Becker, *A Treatise On The Family* (Harvard University Press, 1981)

Behrman, Jere, and T. Srinivasan eds. 1995. *Handbook of Development Economics, Volume III* (Amsterdam: North Holland)

M.R. Rosenzweig and Oded Stark eds. 1997. *Handbook of Population and Family Economics* (Elsevier)

Syllabus:

SECTION I: HOUSEHOLD BEHAVIOUR

1. Household Utility and Production Functions

Gary Becker, *A Treatise On The Family* (Harvard University Press, 1981), chap. 1

M.R. Rosenzweig and Oded Stark eds. 1997. *Handbook of Population and Family Economics* (Elsevier), Chapter 2 (sec.2.1 - 2.3)

2. Household Decision-making

Alderman, Harold et al. 1995. Unitary versus Collective Models of the Household: Is it Time to Shift the Burden of Proof? *World Bank Research Observer*, 10 (1): 1-19.

Atanasio O. and V. Lechene, 2002, "Tests of Income Pooling in Household Decisions", *Review of Economic Dynamics*, vol. 5, pp. 720-748.

*Bobonis, Gustavo, 2009, "Is the Allocation of Resources within the Household Efficient? New Evidence from a Randomized Experiment." *Journal of Political Economy*, vol. 117, pp. 453-503.

*Udry C., 1996, "Gender, Agricultural Production, and the Theory of the Household", *Journal of Political Economy*, vol. 104, pp. 1010-1046.

3. Marriage Markets

Gary Becker, 1973, "A Theory of Marriage: Part I," *Journal of Political Economy*, Vol. 81, No. 4.

Lam, David. 1988, "Marriage Markets and Assortative Mating with Household Public Goods," *Journal of Human Resources*, Fall 1988, pp. 462-487

Anderson, Siwan. 2003, "Why dowry payments declined with modernization in Europe but are rising in India," *Journal of Political Economy*, 111: 269-310.

SECTION II: INTRA HOUSEHOLD RESOURCE ALLOCATION AND CHILD OUTCOMES

4. Intra-household Resource Allocation and Interactions Between Parents and Children

M.R. Rosenzweig and Oded Stark eds. 1997. Handbook of Population and Family Economics (Elsevier), chap. 4

*Qian, Nancy. 2008. "Missing Women and the Price of Tea in China: The Effect of Sex-Specific Income on Sex Imbalance." *Quarterly Journal of Economics* 123(3).

5. Health

H. Chenery and T.N. Srinivasan eds. 1988. Handbook of Development Economics (volume 1), chapter 14.

*Pitt, Mark, Mark Rosenzweig and Nazmul Hassan. 1990. "Productivity, Health and Inequality in the Intrahousehold Distribution of Food in Low-income Countries." *American Economic Review*, 80 (5): 1130 -1156.

Alessandro Tarozzi, Aprajit Mahajan, Brian Blackburn, Dan Kopf, Lakshmi Krishnan and Joanne Yoong (2014). "Micro-loans, bednets and malaria: Evidence from a randomized controlled trial in Orissa (India)." *American Economic Review* 104(7), 1909-1941.

6. Education

A. Returns to Education

Psacharopoulos, George. 1994. "Returns to Investment in Education: A Global Update," *World Development*, 22(9): 1325-1343.

Glewwe, P. 2002. "Schools and Skills in Developing Countries: Education Policies and Socioeconomic Outcomes." *Journal of Economic Literature*, 40(2): 436-482.

*Foster, Andrew and Mark Rosenzweig. 1996. "Technical Change and Human- Capital Returns and Investments: Evidence from the Green Revolution," *American Economic Review*, 86 (4): 931-953.

*Robert T. Jensen. 2012. "Economic Opportunities and Gender Differences in Human Capital: Experimental Evidence For India," *Quarterly Journal of Economics*, 127.

B. Education Transfer Programs and Impacts

Jacoby, Hanan. 2002. "Is there an Intrahousehold 'Flypaper Effect'? Evidence from a School Feeding Programme," *Economic Journal*, 112(476): 196-221.

Eric V. Edmonds and Norbert Schady, 2012. "Poverty Alleviation and Child Labor," *American Economic Journal: Economic Policy*, vol. 4(4), pages 100-124, November.

SECTION III: WOMEN'S LABOUR SUPPLY DECISIONS AND IMPACTS

7. Women's Labour Supply

*Goldin C. The U-Shaped Female Labor Force Function in Economic Development and Economic History, in Schultz T.P, *Investment in Women's Human Capital and Economic Development* University of Chicago Press; 1995. pp. 61-90

Claudia Goldin, 2006, "The Quiet Revolution That Transformed Women's Employment, Education, and Family," *American Economic Review*, 96, 2: 1-21.

Attanasio, Orazio, Hamish Low and Virginia Sanchez-Marcos. 2008. 'Explaining Changes in Female Labor Supply in a Life-Cycle Model.' *American Economic Review*, 98(4).

8. Impacts of Women's Labor Supply

Goldin C, Katz LF. "The Power of the Pill: Oral Contraceptives and Women's Career and Marriage Decisions." *Journal of Political Economy*. 2002;August 2002

Martha Bailey, "More Power to the Pill: The Impact of Contraceptive Freedom on Women's Life Cycle Labor Supply," *Quarterly Journal of Economics*, February 2006, pp. 289-320.

9. Determinants of Fertility

*T. Paul Schultz, "Demand for Children in Low Income Countries," in M.R. Rosenzweig and O. Stark, editors, *Handbook of Population and Family Economics*, North Holland, 1996, pp: 350-365 and 380-386

Schultz, T.P. 2008. Population policies, fertility, women's human capital and child quality, in T. P. Schultz and J. Strauss (eds.), *Handbook of Development Economics*, Volume 4, Amsterdam: North Holland Press.

10. Fertility Impacts: Quantity vs. quality of children

*Qian, Nancy, "Quantity-Quality: The Positive Effect of Family Size on School Enrollment in China," mimeo Brown University,
http://www.econ.brown.edu/fac/Nancy_Qian/Papers/qq_pap&tab-2006_01.pdf