

**INDIAN STATISTICAL INSTITUTE**  
**MSQE – II**  
**Labour Economics**

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*Course Description:*

The emphasis of this course will be on analysing individual and household behaviour, mostly in a developing country context with applications to empirical research. There will be four main sections in the course. In the first section we will discuss theoretical models of intra-household decisions on resource allocations. 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. The final section will focus on social networks and their role in job search and productivity.

*Grade Distribution:*

Class presentation and participation	25%
Midterm	25%
Final Exam	50%

*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.

Attanasio 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.

## *SECTION II: INTRA HOUSEHOLD RESOURCE ALLOCATION AND CHILDREN'S HUMAN CAPITAL*

### **3. 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).

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.

### **4. Education**

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.

### SECTION III: WOMEN'S LABOUR SUPPLY DECISIONS AND IMPACTS

#### 5. 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

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).

Afridi, Farzana, Taryn Dinkelman and Kanika Mahajan. 2017. 'Why are fewer married women joining the work force in rural India? A decomposition analysis over two decades.' *Journal of Population Economics*, forthcoming.

#### 6. 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*, August 2002

### SECTION III: IDENTITY AND SOCIAL NETWORKS IN THE LABOR MARKET

#### 7. Job Referrals

Beaman, I., and J. Magruder (2012) "Who Gets the Job Referral? Evidence from a Social Networks Experiment", *American Economic Review*, 102(7), 3574-93

#### 8. Labor Productivity

Akerlof, G. A. and R. E. Kranton. 2005. "Identity and the Economics of Organizations." *Journal of Economic Perspectives*, 19(1): 9-32.

\*Bandiera, O., I. Barankay, and I. Rasul (2009), "Social Connections and Incentives in the workplace: Evidence from Personnel Data", *Econometrica*, 77 (4), 1047-1094.

\*Mas, A. and E. Moretti (2009), "Peers at Work", *American Economic Review*, 99(1): 112-45.

Munshi, K. (2014), "Community Networks and Development", *Journal of Economic Perspectives*, Vol. 28(4), Fall 2014, 49-76.

\*required readings