

Syllabus

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Course: Microeconomics of Development I
Professor: Rodrigo R. Soares

2018

PROGRAM

The course covers some classic topics of research at the intersection of development and demographic economics. It is both theoretical and empirical, intercalating the presentation of canonical models with the associated empirical evidence. The first two parts following the introduction are organized around intergenerational aspects of family decisions and their consequences for development and the evolution of inequality. The focus is on investments in children and fertility choice. In the third part, the course incorporates health into the discussion and analyzes how improvements in health interact with family decisions. Direct welfare implications of improvements in health are also explicitly discussed. The course uses the historical experience of the demographic transition throughout as a motivating backdrop for the theoretical and empirical discussions. The structure of topics is the following:

- I. Introduction
 - I.1 The Demographic Transition and other Recent Trends
 - I.2 The Theory of Allocation of Time and Household Production
- II. Family Decisions
 - II.1 Investments in Children and Child Labor
 - II.2 Fertility
- III. The Dynamics of Intergenerational Decisions
 - III.1 Human Capital, Fertility, and Population
 - III.2 Intergenerational Transmission of Socioeconomic Status and Inequality
- IV. Health and Development
 - IV.1 The Determinants of Historical Improvements in Health
 - IV.2 Health and Welfare
 - IV.3 Health, Human Capital, and Fertility

CLASSES

Classes will be held on Tuesdays, Wednesdays, and Thursdays, from 14h00 to 15h50, in room 4002 (R. Itapeva 474).

BIBLIOGRAPHY

I. INTRODUCTION

I.1 The Demographic Transition and other Long-Term Trends

Galor, O. (2005). From Stagnation to Growth: Unified Growth Theory. In: P. Aghion and S.N. Durlauf (eds). *Handbook of Economic Growth*, v1, part 1, North Holland, Amsterdam, 171-293.

Lee, R. (2003) The Demographic Transition: Three Centuries of Fundamental Change. *Journal of Economic Perspectives*, 17(4), 167-190.

I.2 The Theory of Allocation of Time and Household Production

Becker, G. (1965). A Theory of the Allocation of Time. *Economic Journal*, 75(299), 493-517.

II. FAMILY DECISIONS

II.1 Investments in Children Child Labor

Aizer, A. and F. Cunha (2012). "The Production of Human Capital: Endowments, Investments and Fertility." NBER Working Paper 18429.

Becker, G.S. (1991). Family Background and the Opportunities of Children. Chapter 6 in: Becker, Gary S. *A Treatise on the Family*. Cambridge, Harvard University Press, Enlarged Edition, 155-178.

Baland, J.M. and J.A. Robinson (2000). Is Child Labor Inefficient? *Journal of Political Economy*, 108(4), 663-679.

Edmonds, E.V. (2006). Child Labor and Schooling Responses to Anticipated Income in South Africa. *Journal of Development Economics*, 81(2), 386-414.

II.2 Fertility

Becker, G.S. (1991). The Demand for Children. Chapter 5 in: G.S. Becker. *A Treatise on the Family*. Cambridge, Harvard University Press, Enlarged Edition, 135-154.

Becker, G.S. and R.J. Barro (1988). A Reformulation of the Economic Theory of Fertility. *Quarterly Journal of Economics*, 103(1), 1-25.

Black, D., N. Kolesnikova, S. Sanders and L. Taylor (2013). Are Children Normal? *Review of Economics and Statistics*, 95(1), 21-33.

Ponczek, V. and A. P. Souza (2012). New Evidence of the Causal Effect of Family Size on Child Quality in a Developing Country. *Journal of Human Resources*, 47(1), 64-106.

Rosenzweig, M.R. and J. Zhang (2009) Do Population Control Policies Induce More Human Capital Investment? Twins, Birth Weight and China's "One-Child" Policy. *Review of Economic Studies*, 76(3), 1149-1174.

III. THE DYNAMICS OF INTERGENERATIONAL DECISIONS

III.1 Human Capital, Fertility, and Population

Becker, G.S., K.M. Murphy and R. Tamura (1990). Human Capital, Fertility, and Economic Growth. *Journal of Political Economy*, 98(5), Part 2, S12-S37.

Galor, O. and D.N. Weil (2000). Population, Technology, and Growth: From Malthusian Stagnation to the Demographic Transition and Beyond. *American Economic Review*, 90(4), 806-28.

Strulik, H. and S. Vollmer (2015). The Fertility Transition Around the World. *Journal of Population Economics*, 28(1), 31-44.

III.2 Intergenerational Transmission of Socioeconomic Status and Inequality

Becker, G.S. and N. Tomes (1986). Human Capital and the Rise and Fall of Families. *Journal of Labor Economics*, 4(3), Part 2, S1-S39.

Black, S.E., P.J. Devereux, and K.G. Salvanes (2005). Why the Apple Doesn't Fall Far: Understanding the Intergenerational Transmission of Human Capital. *American Economic Review*, 95(1), 437-49.

Dunn, C.D. (2007). The Intergenerational Transmission of Lifetime Earnings: Evidence from Brazil. *The B.E. Journal of Economic Analysis & Policy: Contributions – Special Issue on Intergenerational Economic Mobility around the World*, 7(2), article 2.

Ferrie, J., C. Massey, and J. Rothbaum (2016). "Do Grandparents and Great-Grandparents Matter? Multigenerational Mobility in the US, 1910-2013." NBER Working Paper No. 22635.

Kremer, M. and D. Chen (1999). Income-Distribution Dynamics with Endogenous Fertility. *American Economic Association Papers & Proceedings*, 89(2), 155-60 [An extended version was published as: Kremer, M. and D. Chen (2002). Income Distribution Dynamics with Endogenous Fertility. *Journal of Economic Growth*, 7(3), 227-58].

IV. HEALTH AND DEVELOPMENT

IV.1 The Determinants of Historical Improvements in Health

Cutler, D. and G. Miller (2005). The Role of Public Health Improvements in Health Advances: The Twentieth Century United States. *Demography*, 42(1), 1-22.

Jayachandran, S., A. Lleras-Muney and K.V. Smith (2010). Modern Medicine and the 20th Century Decline in Mortality: New Evidence on the Impact of Sulfa Drugs. *American Economic Journal: Applied Economics*, 2(2), 118-146.

Rocha, R. and R.R. Soares (2010). Evaluating the Impact of Community-Based Health Interventions: Evidence from Brazil's Family Health Program. *Health Economics*, 19(S1), 126-158.

Soares, R.R. (2007). On the Determinants of Mortality Reductions in the Developing World. *Population and Development Review*, 33(2), 247-287.

IV.2 Health and Welfare

- Becker, G.S., T.J. Philipson and R.R. Soares (2005). The Quantity and Quality of Life and the Evolution of World Inequality. *American Economic Review*, 95(1), 277-291.
- Grossman, M. (1972). On the Concept of Health Capital and the Demand for Health. *Journal of Political Economy*, 80(2), 223-55.
- Murphy, K.M. and R.H. Topel (2006). The Value of Health and Longevity. *Journal of Political Economy*, 114(4), 871–904.
- Soares, R.R. (2007). Health and the Evolution of Welfare across Brazilian Municipalities. *Journal of Development Economics*, 84(2), 590–608.
- Viscusi W.K., and J. Aldy (2003). The Value of a Statistical Life: A Critical Review of Market Estimates Throughout the World. *Journal of Risk and Uncertainty*, 27(1), 5-76.

IV.3 Health, Human Capital, and Fertility

- Bleakley, H. and F. Lange (2009). Chronic Disease Burden and the Interaction of Education, Fertility, and Growth. *Review of Economics and Statistics*, 91(1), 52-65.
- Jayachandran, S. and A. Lleras-Muney (2009). Life Expectancy and Human Capital Investments: Evidence from Maternal Mortality Declines. *Quarterly Journal of Economics*, 124(1), 349-397.
- Soares, R.R. (2005). Mortality Reductions, Educational Attainment, and Fertility Choice. *American Economic Review*, 95(3), 580-601.

GRADING

The final grade in the course is based on two class presentations (40%) and an exam (60%). Every student has to present in class two papers selected from the list at the end of the syllabus.

PROFESSOR EMAIL

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PRELIMINARY CALENDAR

Class #:	Date:	Topic:
1	May 22	Introduction to Course, Demographic Transition, Household Production
2	May 23	Investments in Children
3	May 24	Investments in Children
4	May 30	Presentations
5	May 29	Fertility
6	May 30	Fertility
7	June 05	Presentations
8	June 06	Fertility, Human Capital and Population
9	June 07	Intergenerational Transmission of Socioeconomic Status and Inequality
10	June 12	Presentations
11	June 13	Determinants of Historical Improvements in Health/ Health and Welfare
12	June 14	Presentations
13	June 19	Health, Human Capital, and Fertility
14	June 20	Presentations
15	June 26	Adjustment Class
16	June 27	Adjustment Class
17	June 28	Final Exam

PAPERS FOR PRESENTATION IN CLASS WITH RESPECTIVE DATES

Date:	Papers to be presented:
TBD	<p>-Bharadwaj, P., L. K. Lakdawala, and N. Li (2013). “Perverse Consequences of Well Intentioned Regulation: Evidence from India’s Child Labor Ban.” NBER Working Paper No. 19602.</p> <p>-Dahl, G. B., and L. Lochner (2012). The Impact of Family Income on Child Achievement: Evidence from the Earned Income Tax Credit. <i>American Economic Review</i>, 102(5): 1927–1956</p> <p>-García, J., J.J. Heckman, D.E. Leaf, and M.J. Prados (2016). “The Life-cycle Benefits of an Influential Early Childhood Program.” IZA DP No. 10456.</p>
TBD	<p>-Bhalotra, S. and D. Clarke (2016). “The Twin Instrument.” IZA DP No. 10405.</p> <p>-Baudin, T., D. de la Croix and P. Gobbi (2015). Fertility and Childlessness in the United States. <i>American Economic Review</i>, 105(6), 1852-1882.</p> <p>-Mogstad, M., and M. Wiswall (2016). Testing the Quantity–quality Model of Fertility: Estimation using Unrestricted Family Size Models. <i>Quantitative Economics</i>, 7, 157-192.</p>
TBD	<p>-Black, S.E., P.J. Devereux, P. Lundborg, K. Majlesi (2015). “Poor Little Rich Kids? The Determinants of the Intergenerational Transmission of Wealth.” NBER 21409.</p> <p>-Chicoine, L. (2016). “Free Primary Education, Schooling, and Fertility: Evidence from Ethiopia.” IZA DP No. 10387.</p> <p>-Landersø, R., and J. J. Heckman (2016). “The Scandinavian Fantasy: The Sources of Intergenerational Mobility in Denmark and the U.S.” NBER Working Paper 22465.</p> <p>-Meng, X. and G. Zhao (2016). “The Long Shadow of the Chinese Cultural Revolution: The Intergenerational Transmission of Education.” IZA DP No. 10460.</p>
TBD	<p>-Bhalotra, S., A. Diaz-Cayeros, G. Miller, A. Miranda, and A. Venkataramani (2017). “Urban Water Disinfection and Mortality Decline in Developing Countries.” NBER Working Paper 23239.</p> <p>-Coffey, D., M. Geruso, and D. Spears (2016). “Sanitation, Disease Externalities, and Anemia: Evidence from Nepal.” NBER Working Paper 22940.</p> <p>-Cutler, D. M., W. Huang, and A. Lleras-Muney (2016). “Economic Conditions and Mortality: Evidence from 200 Years of Data.” NBER Working Paper No. 22690.</p> <p>-Jones, C. I., and P. Klenow (2016). Beyond GDP? Welfare across Countries and Time. <i>American Economic Review</i>, 106 (9), 2426-2457.</p>
TBD	<p>-Beach, B., J. Ferrie, M. Saavedra and W. Troesken (2014). “Typhoid Fever, Water Quality, and Human Capital Formation.” NBER Working Paper 20279.</p> <p>-Oster, E., I. Shoulson and E. R. Dorsey (2013). Limited Life Expectancy, Human Capital and Health Investments. <i>American Economic Review</i>, 103(5), 1977-2002.</p> <p>-Nobles, J., E. Frankenberg and D. Thomas (2014). “The Effects of Mortality on Fertility: Population Dynamics after a Natural Disaster.” NBER Working Paper 20448.</p> <p>-Shah, M. and B.M. Steinberg (2017). Drought of Opportunities: Contemporaneous and Long-Term Impacts of Rainfall Shocks on Human Capital. <i>Journal of Political Economy</i>, forthcoming.</p>