

**THE ECONOMICS OF THE FAMILY (PPS 608)**  
**SPRING 2016**

**CLASS MEETINGS:** MONDAYS, 3:05-5:35PM, SANFORD 150

**INSTRUCTOR:** AMAR HAMOUDI (amar.hamoudi@duke.edu)

**OFFICE HOURS:** MONDAYS, 10:30AM-12:30PM, RUBENSTEIN 182

**COURSE WEBSITE:** <https://sakai.duke.edu/portal/site/FamEconS16>

**COURSE OVERVIEW & OBJECTIVES**

At least as much as any other institution, families can distribute resources among their members across time and space, spread risk, and foster cooperation. In this seminar, we will examine some of the ways that extended families function as economic institutions, and how the institution of the family interacts with other more formal institutions to affect policy outcomes.

Can governments improve the effectiveness of child welfare grants by giving the welfare payments to mothers instead of fathers? How do pension funds and social security programs affect the informal transfer of resources between generations? How do parents allocate their time, attention, money, and other scarce resources among multiple children? What accounts for the well-characterized relationships between higher wages and educational attainment on the one hand, and lower fertility on the other—and what are the broader social consequences of these dynamics? How do characteristics of the economic or public policy environment affect coresidence patterns among extended family members? How can an economics perspective provide useful insights into the dynamics of the “marriage market”?

We will attack questions like these using a primarily empirical approach. Readings will consist largely of original research from academic journals, exploring the types of economic relationships that have been observed within families in contexts all over the world. We will look at empirical evidence from the United States, Latin America, Europe, Asia, and Africa. Where relevant, we will also review some microeconomic theory and draw on conceptual insights and methodological techniques from other social science disciplines.

We will take a critical approach to the empirical research we read. That means, we will *not* begin our discussion from the conclusions that authors draw on the basis of the empirical patterns they report. Instead, we will evaluate *how* they got from those patterns to those conclusions. We will discuss, in close detail, the assumptions or conditions which are required to justify alternative interpretations of the same patterns. We will evaluate the policy and social science implications of alternative interpretations. **By necessity, this will bring the technical (sometimes, mathematical) details of the research to the forefront.**

## **COURSE STRUCTURE & ASSIGNMENTS**

The semester will be broken down into five thematic modules. Three or four of these themes will involve empirical exercises, which will give you a chance to explore them using real-world data. I will provide you with a data file, and guide you through some basic analysis. Then I'll ask you some open-ended questions and turn you loose to explore the data. My examples and guidance will all be designed as if you are doing your analysis using Stata. If there's a statistical computing application that you prefer over Stata, you should by all means feel free to use it. **However, if you are not familiar with *any* statistical computing software, or with multivariate regression techniques, then let's talk as early as possible in the semester to discuss how you might catch up.**

## **YOUR GRADE**

The following components will go into computing your grade:

- 25% for class engagement. "Engagement" is meant slightly differently from "participation," which is a word you are probably more familiar with seeing on a syllabus. In terms of class discussion, for example, engagement is more about quality than it is about quantity. In advance of each class, you will submit "discussion seeds"; these will also be used to inform your level of engagement. The readings are substantial, and challenging—so it is only fair that there be a lot of weight on this component of the grade, which is tied directly to how much effort you expend to get as much out of the readings as possible;
- 25% for the empirical exercises;
- 50% for a final term paper. The term paper is expected to be empirical in approach, and may be an extension of one of the empirical exercises or something of your own design. It must be relevant to the topics covered in the course, and should be about 15-20 pages in length. More details on expectations for the paper will be provided in March. **The final paper will be due on May 6, 2016.**

**ECONOMICS OF THE FAMILY (PPS 608), SPRING 2016, HAMOUDI  
CLASS SCHEDULE AND READINGS<sup>1</sup>**

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**Almost all readings can be obtained online from EconLit, JSTOR, or other resources under library.duke.edu. Those which are not available online will be made available to you at least a week in advance.**

MODULE I: INTRODUCTION, OVERVIEW, BASIC CONCEPTS

- WED, JAN 13: Introductions; Overview; Motivating example: Income equivalence scales
  - Institute for Fiscal Studies, UK “About Net Household Equivalized Income.” Available at: <http://www.ifs.org.uk/wheredoyoufitin/about.php>
  - “Has America Become Less Poor?” *The New Yorker*, December 10. Available at: <http://tiny.cc/lkq08w>
  - Citro CF and RT Michael, eds. (1995) “Measuring Poverty: A new approach,” chapter 3, section 1 (Pp. 159-182), available at: [http://books.nap.edu/openbook.php?record\\_id=4759&page=159](http://books.nap.edu/openbook.php?record_id=4759&page=159)
  - Nelson, JA (1993) “Household Equivalence Scales: Theory versus policy?” *Journal of Labor Economics* 11(3):471-493 (especially parts I and II.A)
  - Folbre N and JA Nelson (2000) “For Love or Money—Or Both?” *Journal of Economic Perspectives* 14(4):123-140
  - Deaton A and J Muellbauer (1986) “On Measuring Child Costs, with Applications to Poor Economies” *Journal of Political Economy* 94(4):720-744
- MON, JAN 18: No class (Martin Luther King, Jr Holiday)
- MON, JAN 25: Individuals, Households, and Families
  - Becker GS (1991) “A Treatise on the Family: Enlarged edition,” Chapter 1 (Pp. 20-28)
  - Becker GS (1965) “A Theory on the Allocation of Time” *Economic Journal* 75(299):493-517
  - World Bank (2000) “Designing Household Survey Questionnaires for Developing Countries: Lessons from 15 years of the Living Standards Measurement Study,” vol 1, chapter 6, section 1 (Pp.135-137)
  - Beaman L and A Dillon (2011) “Do Household Definitions Matter in Survey Design? Results from a randomized survey experiment in Mali” *Journal of Development Economics* 98(1):124-135
  - Cancian M, DR Meyer, and ST Cook (2011) “The Evolution of Family Complexity from the Perspective of Nonmarital Children” *Demography* 48(3):957-982
  - Inskeep S and J Ludden (2014) “When Grandma’s House is Home: The rise of grandfamilies” National Public Radio, December 15, 2014. Available at: <http://n.pr/1vVDAMD>

MODULE II: COLLECTIVE DECISIONS IN HOUSEHOLDS AND FAMILIES

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<sup>1</sup>NOTE: THIS SCHEDULE ALWAYS REMAINS SUBJECT TO REVISION

- MON, FEB 1: Production, Consumption, and Sharing
  - Becker GS (1991) “A Treatise on the Family: Enlarged edition,” Chapter 8 (Pp. 277-306)
  - Lundberg S and RA Pollak (1996) “Bargaining and Distribution in Marriage,” *Journal of Economic Perspectives* 10(4):139-158
  - Pollak R (2003) “Gary Becker’s Contributions to Family and Household Economics,” mimeo, Washington University at St. Louis. Available at:  
<http://apps.olin.wustl.edu/faculty/pollak/>
  - Browning M, PA Chiappori, and Y Weiss (2011) “Cooperative Models: The collective approach” Section 3.5 in *Family Economics*. Available at:  
[http://www.cemmap.ac.uk/resources/chiappori/paper\\_1.pdf](http://www.cemmap.ac.uk/resources/chiappori/paper_1.pdf)
  - Udry C (1996) “Gender, Agricultural Production, and the Theory of the Household,” *Journal of Political Economy* 104(5):1010-46
  - Rangel M and D Thomas (2012) “Gender, Production, and Consumption: Allocative Efficiency Within Farm Households,” Duke University. Available at:  
<http://bit.ly/1UySCGa>
  
- MON, FEB 8: Sex, Gender, and Resource Allocation (I)
  - Lundberg S, RA Pollak, and TJ Wales (1997) “Do Husbands and Wives Pool Their Resources? Evidence from the UK child benefit” *Journal of Human Resources* 32(3):463-480
  - Hotchkiss JL (2005) “Do Husbands and Wives Pool Their Resources? Further Evidence” *Journal of Human Resources* 50(2):519-531
  - Ashraf N (2009) “Spousal Control and Intra-Household Decision Making: An experimental study in the Philippines” *American Economic Review* 99(4):1245-1277
  - Schaner S (2015) “The Cost of Convenience? Transaction costs, bargaining power, and savings account use in Kenya” mimeo, Dartmouth University. Available at:  
<http://bit.ly/1ZbI86r>
  - Doepke M and M Tertilt (2014) “Does Female Empowerment Promote Economic Development?” mimeo, Northwestern University. Available at:  
<http://bit.ly/1ZPtBtS>
  
- MON, FEB 15: Sex, Gender, and Resource Allocation (II)
  - Pollak R (2013) “Allocating Household Time: When Does Efficiency Imply Specialization?” National Bureau of Economic Research Working Paper 19178
  - Rangel MA (2006) “Alimony Rights and Intrahousehold Allocation of Resources: Evidence from Brazil” *Economic Journal* 116(7):627-658
  - Stratton LS (2012) “The Role of Preferences and Opportunity Costs in Determining the Time Allocated to Housework” *American Economic Review: Papers and Proceedings* 102(3):606-611
  - Coen-Pirani D, A León, and S Lugauer (2010) “The Effect of Household Appliances on Female Labor Force Participation: Evidence from microdata” *Labour Economics* 17(3):503-513
  - Dinkelman T (2011) “The Effects of Rural Electrification on Employment: New evidence from South Africa” *American Economic Review* 101(7):3078-3108

- Porter E (2013) “To Address Gender Gap, Is It Enough to Lean In?” *New York Times*. September 24. Available at:  
<http://nyti.ms/1ZbINoc>
- Goldin C (2014) “A Grand Gender Convergence: Its last chapter” *American Economic Review* 104(4):1091-1119

### MODULE III: MARRIAGE, FERTILITY, AND CHILD-REARING

#### ○ MON, FEB 15: Matching, Marriage, and Markets

- Becker GS (1973) “A Theory of Marriage: Part I” *Journal of Political Economy* 81(4):813-846
- Schwartz CR (2013) “Trends and Variation in Assortative Mating: Causes and consequences,” *Annual Review of Sociology* 39(1):451-470.
- Brown PH (2009) “Dowry and Intrahousehold Bargaining: Evidence from China” *Journal of Human Resources* 44(1):25-46
- Lazaro, FDS (2013) “In India, High Demand for Wives Sends Young Women into Marriages Far from Home,” *NewsHour*, October 2. Available at:  
<http://to.pbs.org/22MMf8h>
- Waite LJ (1995) “Does Marriage Matter?” *Demography* 32(4):483-507
- Dougherty C (2006) “The Marriage Earnings Premium as a Distributed Fixed Effect” *Journal of Human Resources* 41(2):433-443
- Su JH, R Dunifon, and S Sassler (2015) “Better for Baby? The retreat from mid-pregnancy marriage and implications for parenting and child well-being” *Demography* 52(4):1167-1194

#### ○ MON, FEB 22: Quality and Quantity of Children

- Yaukey D, DH Anderton, and JH Lundquist *Demography: The Study of human populations* Chapter 3, section 3 (Pp. 46-49)
- Schultz TP (2001) “The Fertility Transition: Economic explanations” Yale University Economic Growth Center Discussion Paper 833. Available at:  
<http://bit.ly/1JwimT8>
- Guinnane TW (2011) “The Historical Fertility Transition: A guide for economists” *Journal of Economic Literature* 49(3):589-614
- Becker GS and N Tomes (1976) “Child Endowments and the Quantity and Quality of Children” *Journal of Political Economy* 84(4):S143-S162
- Behrman J, RA Pollak, and P Taubmann (1982) “Parental Preferences and Provision for Progeny” *Journal of Political Economy* 90(1):52-73

#### ○ MON, FEB 29: Investments in Children

- Jones KM (2014) “Growing Up Together: Cohort composition and child investment” *Demography* 51(1):229-255
- Hsin A (2012) “Is Biology Destiny? Birthweight and differential parental treatment,” *Demography* 49(4):1385-1405

- Rangel MA (2015) “Is Parental Love Colorblind? Human capital accumulation within mixed families,” *Review of Black Political Economy* 42(1): 57-86
  - Lundberg S (2005) “Sons, Daughters, and Parental Behavior” *Oxford Review of Economic Policy* 21(3):340-356
  - Paxson C and N Schady (2010) “Does Money Matter? The effects of cash transfers on child health and development in rural Ecuador” *Economic Development and Cultural Change* 59(1):187-229
  - Cunha JM (2014) “Testing Paternalism: Cash versus in-kind transfers” *American Economic Journal: Applied Economics* 6(2):195-230
- MON, MAR 7: Intergenerational Carryover
    - Goldberger AS (1989) “Economic and Mechanical Models of Intergenerational Transmission” *American Economic Review* 79(3):504-513
    - Hout M (2015) “A Summary of What We Know About Social Mobility” *Annals of the American Academy of Political and Social Science* 657(1):27-36
    - Torche F (2015) “Analyses of Intergenerational Mobility: An interdisciplinary review” *Annals of the American Academy of Political and Social Science* 657(1):37-62
    - DB Grusky, TM Smeeding, and CM Snipp (2015) “A New Infrastructure for Monitoring Social Mobility in the United States” *Annals of the American Academy of Political and Social Science* 657(1):63-82
    - Torche F (2011) “The Effect of Maternal Stress on Birth Outcomes: Exploiting a natural experiment,” *Demography* 48(4):1473-1491
    - Mansour H and DI Rees (2012) “Armed Conflict and Birthweight: Evidence from the Al-Aqsa Intifada,” *Journal of Development Economics* 99(1):190-199
  - MON, MAR 14: No Class (Spring Break)

#### MODULE IV: EXTENDED FAMILY NETWORKS

- MON, MAR 21: Living Arrangements
  - Nobles J (2013) “Migration and Father Absence: Shifting family structure in Mexico,” *Demography* 50(4):1303-1314
  - Gaydos L (2015) “Childhood Risk of Parental Absence in Tanzania,” *Demography* 52(4):1121-1146
  - Edmonds EV, K Mammen, and DL Miller (2006) “Rearranging the Family? Income support and elderly living arrangements in a low-income country” *Journal of Human Resources* 40(1):186-207
  - Hamoudi A and D Thomas (2014) “Endogenous Coresidence and Program Incidence: South Africa’s Old Age Pension” *Journal of Development Economics* 109(1):30-37
  - Costa DL (1997) “Displacing the Family: Union army pensions and elderly living arrangements” *Journal of Political Economy* 105(6):1269-1292
  - Bitler MP, JB Gelbach, and HW Hoynes (2006) “Welfare Reform and Children’s Living Arrangements” *Journal of Human Resources* 41(1):1-27

- MON, MAR 28: Insurance and Savings
  - Frankenberg E, JP Smith, and D Thomas (2003) “Economic Shocks, Wealth, and Welfare” *Journal of Human Resources* 38(2S):280-321
  - Townsend RM (1994) “Risk and Insurance in Village India” *Econometrica* 62(3):539-591
  - Kinnan C (2014) “Distinguishing Barriers to Insurance in Thai Villages” mimeo, Northwestern University. Available at:  
<http://bit.ly/1S5VqNf>
  - Robinson J (2012) “Limited Insurance within the Household: Evidence from a field experiment in Kenya” *American Economic Journal: Applied Economics* 4(4):140-164
  - Angelucci M, G De Giorgi, MA Rangel, and I Rasul (2010) “Family Networks and School Enrollment: Evidence from a randomized social experiment” *Journal of Public Economics* 94(3-4):197-221

#### MODULE V: EXAMPLES AND APPLICATIONS

- MON, APR 4: Asia’s “Missing Women” & Africa’s Fostered Children
  - Sen A (1992) “Missing Women: Social inequality outweighs women’s survival advantage in Asia and North Africa” *British Medical Journal* 304(6827):587-588
  - Sen A (2003) “Missing Women: Revisited” *British Medical Journal* 327(7427):1297-1298
  - Ebenstein A (2010) “The ‘Missing Girls’ of China and the Unintended Consequences of the One Child Policy” *Demography* 45(1):87-115
  - Das Gupta M, W Chung, and L Shuzhuo (2009) “Evidence for an Incipient Decline in Numbers of Missing Girls in China and India” *Population and Development Review* 35(2):401-416
  - Anderson S and D Ray (2010) “Missing Women: Age and Disease” *Review of Economic Studies* 77(4):1262-1300
  - Isiugho-Abanihe UC (1985) “Child Fosterage in West Africa” *Population and Development Review* 11(1):53-73
  - Zimmerman FJ (2002) “Cinderella Goes to School: The Effects of child fostering on school enrollment in South Africa” *Journal of Human Resources* 38(3):557-590
  - Akresh R (2009) “Flexibility of Household Structure: Child fostering decisions in Burkina Faso” *Journal of Human Resources* 44(4):976-997
  - Grant MJ and S Yeatman (2014) “The Impact of Family Transitions on Child Fostering in Rural Malawi” *Demography* 51(1):205-228
- MON, APR 18: Two Early Policy Views of Family, Race, and Poverty in the United States
  - Full text of the “Moynihan Report” & Additional commentary, excerpted from:  
Rainwater L and WL Yancey (1967) *The Moynihan Report and the Politics of Controversy* Cambridge, MA: MIT Press
  - Stack C (1974) “All Our Kin” New York: Harper and Row  
available very cheap on amazon; a copy will also be made available on reserve