HDSP 430/330: ECONOMICS AND SOCIAL POLICY

Fall 2003
Class meets Monday: 9:00-11:30 in Annenberg G01
There will be an optional Wednesday problem session from 9-10, also in Annenberg G01.

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The purpose of this course is to provide students with a grounding in how economists think about social policy issues. We will cover economic models of household decision-making and stress how economists account for the costs and benefits of public (and private) programs and decisions. It is hoped that by the end of the course students will understand the theoretical frameworks economists bring to their analyses of public policy issues. Students need not be convinced that these frameworks are the only ones that could be applied to program analysis. But they should understand them sufficiently to be able to analyze a policy issue in the way that an economist would.

Mastering the material will require a careful reading of the course text as well as persistent attention to the problem sets that will be handed out each week. There is one formal class session each week -- on Mondays between 9:00 and 11:30. Problem sets will be handed out each week at that time and are due in my first-floor Annenberg mailbox by 3pm on Friday of that week. I will also conduct an optional hour-long group problem-solving session on Wednesday morning from 9 to 10 of most weeks.

For graduate students taking the course, I require a paper, to be handed in on the last day of class, in which a public policy issue is analyzed in the manner of an economist. The paper need not be long (e.g., 10 pages) but should focus on the analysis rather than the particular details of a current program or proposal. More on this in class.

There will be two exams, a midterm and a final, with the final stressing material covered since the midterm.

The class grade will depend on the following criteria:

15% quality of contributions to class discussion
10% quality of homework
25% midterm exam
25% final exam
25% paper

A coursepack can be purchased from Mary Lou Manning.

**Weeks 1 and 2: Markets**
- Frank, Chapters 1 and 2
- Dolan and Goodman, Chapter 1 and 3

**Week 3: Consumer Behavior**
- Frank, Chapters 3-4
- Dolan and Goodman, Chapters 5-6

**Week 4: Consumer Behavior, continued**
- Frank, Chapter 5, with Chapters 7 and 8 optional

**Week 5: Applications: Labor Market Behavior**
- Frank, Chapter 14
- Ehrenberg and Smith, Chapter 6 "The Supply of Labor to the Economy: The Decision to Work"
- Dolan and Goodman, Chapter 10

**Week 6: Applications: Household and Fertility Behavior**
- Blau and Ferber, Chapter 3: "The Family As An Economic Unit: The Division of Labor Between Husband and Wife"

**Week 7: Applications: Human Capital**
- Ehrenberg and Smith, Chapter 9, including appendix: "Investments in Human Capital: Education and Training"
- Gramlich, Chapter 9 "Human Investment" in *A Guide to Cost-Benefit Analysis*
- Barnett, Perry Preschool chapter

**Week 8: The Firm**
- Frank, Chapter 9-11

**Week 9: The Role of Government**
- Frank, Chapter 16-18
Supplementary Readings for HDSP 430: ECONOMICS AND SOCIAL POLICY


Chapter 6: "The Supply of Labor to the Economy: The Decision to Work"
Chapter 9: "Investments in Human Capital: Education and Training"


Chapter 3: "The Family As An Economic Unit: The Division of Labor Between Husband and Wife"


Chapter 9: "Human Investment"