

## **Economia Social & Política Pública**

### **Social Economics & Public Policy**

PROFESSOR: Marcelo Neri

TA: Pedro Mencarini

BACHELOR DEGREE: Economics – 1<sup>st</sup> semester, 2023 <https://cps.fgv.br/en/courses-short>

CLASS LOAD: 60h

CLASS Schedule: Friday 7:30 to 11:00

OFFICE HOURS: Monday from 11:00 to 12:00

PREREQUISITE: None

### **PROGRAM OF STUDIES**

#### **1. Topics**

Inequality, Social Welfare, Inclusive Growth, Equality of Opportunities, Top Incomes; Poverty, Uni & Multidimensional Measures; Global Indicators, Social Goals; Mobility, Polarization, Middle Classes; Political Cycles, Income Policies, CCTs; Productive Inclusion, Entrepreneurship; Microfinance, Savings, Credit, Insurance; Education; Population Perceptions, Happiness and Well-being.

#### **2. Objectives of the course**

The course will develop an integrated framework on the measurement of the population well-being. The approach aims towards inequality, poverty, mobility and polarization departing from their respective social welfare functions. The main purpose is to assess the progress of living conditions from economic and empirical perspectives. The analysis is based on econometric techniques applied to Brazilian household surveys (PNAD, Census, etc.) and other microdata sets. The final goal is to debate the design and evaluation of public policies, aimed at the Brazilian case (in particular, conditional cash transfers, education, productive inclusion and microfinance). We will trace international comparisons (especially OECD, LACs, BRICS).

#### **3. Main learning goals**

At the end of the course the student is expected to:

- i. Grasp the role played by different normative values and working hypothesis implicit in social measures used (growth, inequality, poverty, mobility, etc.) and how to measure these concepts.
- ii. Understand the channels through which policies may or may not affect social progress;
- iii. Experience statistical inferences on these relationships using household surveys and also to connect with other types of data (administrative records, national accounts, subjective surveys, randomized trials, big data).

## 4. Methodology

Besides establishing connections between social indicators, social welfare functions and their derived properties (equality, prosperity, stability, and sensibility); assess social policies operating channels (through the current budget constraint; the production function; the ability to smooth fluctuations and to leverage opportunities between points in time and states of nature; well-being effects with subjective measures). The challenge is to offer an integrated perspective among and across different concepts, public policies and measurement issues. We will apply a set of microeconomic techniques: multivariate analysis in continuous and discrete variables, difference in difference estimators, matching, discontinuity, quantile regressions; markovian models; cohorts and demography; social accounting matrix; correspondence and principal component analysis; among others. The course will cover the main elements and limitations of the current social policy agenda. It will explore links between economic and social performance, discussing distributive long run implications of structural reforms and their objectives (i.e. raising productivity and savings) and also gauge social fluctuations using the most recent evidence available.

## 5. Detailed programmatic content

### *I – Concepts and Assessment:*

#### *Social Welfare and Inequality*

- Social Welfare Function
- Inequality Indicators (Gini, Lorenz etc)
- Information Theory; Top Incomes and Wealth Distribution
- Inclusive Growth, Income Sources and Labor Ingredients

#### *Poverty*

- Classical Indicators ( $P^0$ ,  $P^1$  etc), Stochastic Dominance, Poverty Lines, Equivalence Scales
- Counterfactual Simulations, Decompositions, Imputations and Multidimensional Measures

#### *Mobility and Classes*

- Mobility and Transition Matrices
- Life Cycle, Temporal Allocation and Equality of Opportunities
- Polarization and Middle Classes

#### *Well-Being, Human Development and Transversal Topics*

- Perceptions on Public Policies and Economics of Happiness
- Global Social Indicators (SDGs, HDI etc)

### *II – Social Policies:*

#### *General*

- Social Goals and Collective Incentives; Electoral Market and Social Cycles

#### *Sectoral*

- Conditional Cash Transfers and Individual Incentives
- Education: Quantity, Quality, Returns, Motivations and Goals
- Productive Inclusion: Employment and Entrepreneurship
- Microfinance: Savings, Credit and Insurance
- Covid-19 Pandemic Impacts

## 6. Evaluation procedures

The course will be evaluated with a mid-term exam and a final work. We will handle during the course a series of problems sets with their solutions. Students should also develop a work on a sectoral policy topic of specialization and explore connections between areas covered during the course. Presence and participation will be rewarded.

## 7. Required Bibliography

- Alvaredo, F et al. *World Inequality Report 2018*, Paris School of Economics, Paris, 2019.
- Atkinson, A.; Bourguignon, F. *Handbook of Income Distribution*, Oxford, Elsevier, 2015.
- Deaton, A. *The Analysis of Household Surveys: A Microeconometric Approach to Development Policy*. Washington, DC: Johns Hopkins University Press, 1997.
- Deaton, A. *The Great Escape: Health, Wealth and the Origins of Inequality*. Princeton and Oxford: Princeton University Press, 2013.
- Fields, G. *Distribution and Development: A New Look at the Developing World*. Cambridge, MA: The MIT Press, 1996.
- Gradin, C., Leibbrandt, M. and Tarp F., *Inequality in the Developing Giants*, forthcoming, Oxford University Press, 2020.
- Kakwani, N; Silber, J. *The Many Dimensions of Poverty*. New York: Palgrave MacMillan, 2008.
- Milanovic, B. *Global Inequality: A New Approach for the Age of Globalization*. Cambridge, MA: Harvard University Press, 2016.
- Milanovic, B. *Capitalism, Alone: The Future of the System That Rules the World*, Cambridge, MA: Harvard University Press, 2019.
- Neri, M. *Income Distribution Dynamics in Brazil*, mimeo, 2022.
- Piketty, T. *Capital in the Twenty-First Century*. Cambridge, MA: Harvard University Press, 2014.
- Posner, E. and Weyl G. *Radical Markets*, Princeton, Princeton University Press, 2018
- Rohde, N. J. *Divergence measurements of economic inequality*. Journal of the Royal Statistical Society: Series A (Statistics in Society), v. 179, n. 3, p. 847–870, 2016.
- Stiglitz, J. E.; Sen, A; Fitoussi, J.P. *Mismeasuring Our Lives: Why GDP Doesn't Add Up*. New York: The New Press, 2010.

OBS: Selected parts of these books, texts and other obligatory materials will be pointed out in class. Class notes organize the course content.

## 8. Professor Short Bio

Marcelo Neri holds a PhD in Economics, Princeton University. Director of FGV Social. He was also the secretary-general of the Council of Economic and Social Development (CDES), president of the Institute for Applied Economic Research (Ipea) and Minister of Strategic Affairs in Brazil. He evaluated policies in more than a dozen countries and also designed and implemented policies at three government levels in Brazil. Areas of research are well-being, social policies and microeconometrics. Founder of the Center for Social Policies at Getulio Vargas Foundation (CPS/FGV); teaches at Graduate and Undergraduate courses in Economics at FGV EPGE. He writes regularly in scientific journals and in general magazines. Edited 12 books on Microcredit; Social Security; Rural Poverty; Bolsa Família; CCTs; Population Perceptions on Public Policies; Planning Public Policies; Diversity; Social Impacts of Olympics, Consumption; and New Middle Classes.

## 9. Links Useful

Course page: <https://cps.fgv.br/en/courses-short> (o material sucinto dado em aula ficará na parte de fora e o aprofundamento dos pontos de interesse será realizado dentro dos blocos).

Aula Zoom de Social Economics & Public Policy <https://fgv-br.zoom.us/j/93391078597?pwd=UWpoSzk0bVZ4Zk4xS1N4RnNkR0ZIUT09>  
ID da reunião: 933 9107 8597 Senha de acesso: 557721

[www.fgv.br/fgvsocial](http://www.fgv.br/fgvsocial)

[https://pt.wikipedia.org/wiki/Marcelo\\_Neri](https://pt.wikipedia.org/wiki/Marcelo_Neri)

<http://www.econ.puc-rio.br/datazoom/english/index.html>

[Portuguese version of the Course Programme](#)

[Spanish version of the Programme](#)