

Economics 8676- Labor Economics 1
Spring 2016
MW 11-12:15 ECON 5

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Office Hours: M 1:30-3, Th 10-11:30, and by appt

Course Description

This is a graduate survey course in labor economics. The first 4 weeks of class will be a mini-course in applied econometric tools. The remaining 11 weeks of the semester will cover 3 key topic areas in labor economics: labor supply, human capital, and demographic economics.

A primary goal of this course is to teach you to read and understand papers beyond the superficial “introduction and conclusion” summary. Over the course of the semester, we will discuss approximately 20 papers in class. Using the attached schedule, you are expected to bring a copy of the paper on the appropriate day, to have read the paper prior to class, and to be prepared to answer questions regarding the content of the paper if asked to do so.

There will be 3 problems sets.

The tentative schedule for the problem sets is:

PS#1- Differences-in-Differences, Panel Data, due 1/29

PS#2- Instrumental Variables, Labor Supply Due 2/12

PS#3- Measurement Error, Limited Dependent Variables, Due 3/4

In addition to a midterm (2/24) and final, students will be required to write an executive summary of an existing paper (Due 4/1) and a research proposal (Due 4/29)

The final grades in the course will be determined by:

Midterm Exam: 25%, Final Exam: 35%, Problem Sets: 15%, Executive Summary 10%, Proposal 15%

Reading List and Schedule

I. Applied Econometrics

1/11, 1/13- Introduction, Differences-in-Differences

Eissa, Nada and Hilary Hoynes, 2004, "Taxes and the labor market participation of married couples: the earned income tax credit." *Journal of Public Economics* 88:1931-1958.

1/22- Panel Data, Fixed-Effects

Stevenson, Betsey and Justin Wolfers. 2006. "Bargaining in the shadow of the law: divorce laws and family distress." *Quarterly Journal of Economics* 121:267-288.

1/25, 1/27- Instrumental Variables

Angrist, Joshua and Alan Krueger. 1991. "Does compulsory schooling attendance affect schooling and earnings?" *QJE* 106:969-1014.

Bound, John, David Jaeger and Regina Baker. 1995. "Problems with Instrumental Variables Estimation when the Correlation between the Instruments and the Endogenous Explanatory Variable is Weak." *Journal of the American Statistical Association* 90:443-50.

2/1, 2/3- Measurement Error, Limited Dependent Variables, Selection

II. Labor Supply

2/8, 2/10 – Intro to Static Model

2/15 - Estimation of Static Model

Cortes, Patricia and Jose Tessada. 2011. "Low-skilled Immigration and the Labor Supply of Highly Skilled Women" *American Economic Journal: Applied Economics*, 3(3) pp. 88-123.

2/17, 2/22- Life-Cycle Model

MaCurdy, Thomas. 1981. "An Empirical Model of Labor Supply in a Life-Cycle Setting." *Journal of Political Economy*. 89:1059-85.

Camerer, Colin, Linda Babcock, George Lowenstein and Richard Thaler. 1996. "Labor Supply of NYC Taxi Cabdrivers: One Day at a Time." *QJE* 112:407-41.

Stafford, Tess. 2015. "What do Fishermen Tell Us that Taxi Drivers Don't? An Empirical Investigation of Labor Supply" *Journal of Labor Economics* 33(3) 683-710.

2/24 Midterm

III. Human Capital

2/29- Human Capital Model

3/2-3/30

Black, Dan and Jeffrey Smith. 2005. "How robust is the evidence on the effects of college quality? Evidence from Matching." *Journal of Econometrics*. 121:99-124.

Hoestra, Mark. 2009. "The effect of attending the flagship state university on earnings: a Discontinuity-based approach" *Review of Economics and Statistics* 91(4):717-24.

Martorell, Francisco and Damon Clark. 2014. "The Signalling Value of a High School Diploma", *Journal of Political Economy*, 122(2) 282-318.

Dahl, Gordon and Lance Lochner. 2012. "The Impact of Family Income on Child Achievement: Evidence from the Earned Income Tax Credit" *AER* 102(5) 1927-1956.

Evans, Bill, Craig Garthwaite and Timothy Moore. 2012. "The White/Black Educational Gap, Stalled Progress, and the Long Term Consequences of the Crack Cocaine Markets," working paper.

Heckman, James, R. Pinto and P. Savelyev. 2013 "Understanding the Mechanisms through Which an Influential Early Childhood Program Boosted Adult Outcomes," (with R. Pinto and P. Savelyev). *American Economic Review*, 103(6): 2052–2086.

Chetty, Raj, Nathaniel Hendren and Lawrence Katz. 2015. "The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment." *AER* Forthcoming.

Autor, David, David Figlio, Krzysztof Karbownik, Jeffrey Roth and Melanie Wasserman. 2015. "Family Disadvantage and the Gender Gap in Educational and Behavioral Outcomes" working paper.

Dynarski, Susan, Jonathan Gruber and Danielle Li. 2011. "Cheaper by the Dozen: Sibling Discounts at Catholic schools to estimate the price elasticity of private school Attendance." NBER working paper #15461.

III. Demographic Economics

4/4, 4/6- Models of Household Production, Fertility and Household Bargaining

4/11 and after-

Goldin, Claudia and Lawrence Katz. 2002. "The Power of the Pill: Oral Contraceptives and Women's Career and Marriage Decisions." *Journal of Political Economy*

Gertler, Paul, Manisha Shah and Stefano Bertozzi. "Risky Business: The Market for Unprotected Commercial Sex." *Journal of Political Economy*, June 2005.

Card, David and Gordon Dahl. 2011. "Family Violence and Football: The Effect of Unexpected Emotional Cues on Violent Behavior." *QJE* 126(1):103-143.

Chiappori, Pireddo and Quintana-Domeque. "Matching with a Handicap: The case of smoking in the marriage market." IZA Discussion Paper 5392, Dec 2010.

Chiappori, Pireddo and Quintana-Domeque. 2012. "Fatter Attraction: Anthropometric and Socioeconomic Characteristics in the Marriage Market" *Journal of Political Economy*.

Kearney, Melissa S. and Phillip Levine. 2015 "Media Influences on Social Outcomes: The Impact of MTV's 16 and Pregnant on Teen Childbearing," forthcoming, *American Economic Review*.

Bertrand, Marianne, Emir Kamenica and Jessica Pan. 2015. "Gender Identity and Relative Income within Households" *Quarterly Journal of Economics*.

Charles, Kerwin and Ming Luoh. 2010. "Male Incarceration, the marriage market, and Female outcomes." *Review of Economics and Statistics*. 92(3)614-27.