# Syllabus: Seminar in Labor Economics I Economics 8676 Spring 2018 Tu-Th 11:00AM - 12:15PM ECON 5

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## 1 Course Format

This course is designed to expose students to the current frontier of research on a collection of prominent topics within Labor Economics. The goal is to develop students' understanding of (a) how to evaluate both individual articles and the literature more generally within a particular topic, and (b) how to generate ideas for research that will advance the eld.

### 3 General Reference Materials

Ashenfelter, O., and D. Card (1999): The Handbook of Labor Economics, Volumes 3a-c Amsterdam: North Holland Press.

(2010): Handbook of labor economicsElsevier.

- Cuhuc, P., and A. Zylberberg (2004): Labor Economics MIT Press, Chapter 2.
- Ehrenberg, R., and R. Smith (2008): Modern Labor Economics, 10th Edition. Pearson/Addison Wesley, Chapters 3-5.
- Gibbons, R. (1992): Game Theory for Applied Economists Princeton: Princeton University Press.
- Hamermesh, D. (1993): Labor Demand Princeton University Press, Chapters 1-3.
- Matyas, L., and P. Sevestre (2008): The Econometrics of Panel Data, 3rd Edition. Berlin: Springer-Verlag.
- Mortensen, D. (2003): Wage Dispersion: Why Are Similar Workers Paid Di erently? Cambridge: MIT Press.

## 4 Course Topics and Associated Reading Lists

\$ indicates a required reading, to be discussed in class.# indicates a paper to be presented by a student.

#### 4.1 Empirical Methods in Labor Economics

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- Blundell, R., and M. C. Dias (2009): \Alternative Approaches to Evaluation in Empirical Microeconomics," Journal of Human Resources 44(3).
- Charness, G., and P. Kuhn (2011): \Lab Labor: What Can Labor Economists Learn from the Lab?," Handbook of Labor Economics 4, 229{ 330.
- Christensen, B. J., and N. Kiefer (2009): Economic modeling and inference. Princeton Univ Pr.
- Imbens, G., and T. Lemieux (2008): \Regression Discontinuity Designs: A Guide to Practice," Journal of Econometrics, 142, 615{635.
- Keane, M. (2010): \Structural vs. Atheoretic Approaches to Econometrics," Journal of Econometrics, 156(1), 3{20.
- Meyer, B. (1994): \Natural and Quasi-Experiments in Economics," NBER Working Paper 170.
- Reiss, P., and F. Wolak (2007): \Structural econometric modeling: Rationales and examples from industrial organization," Handbook of Econometrics, 6, 4277{4415.
- Rothenberg, T. (1971): \Identi cation in Parametric Models," Econometrica, 39(3), 577{591.
- Wolpin, K. (2007): \Ex Ante Policy Evaluation, Structural Estimation and Model Selection,"

- Becker, G. (1965): \A Theory of the Allocation of Time," Economic Journal, 75(299), 493{517.
- Blundell, R., and T. MaCurdy (1999): \Labor Supply," in Handbook of Labor Economics: Vol. 3, ed. by O. Ashenfelter, and D. Card, pp. 1559{1695. North Holland: Amsterdam.
- Camerer, C., L. Babcock, G. Loewenstein, and R. Thaler (1997): \The Labor Supply of New York City Cab Drivers: One Day at a Time," Quarterly Journal of Economics, 112(2), 407{441.
- Eissa, N., and J. Liebman (1996): \Labour Supply Response to the Earned Income Tax Credit," Quarterly Journal of Economics, 111(2), 605{637.
- Farber, H. S. (2015): \Why you cant nd a taxi in the rain and other labor supply lessons from cab drivers," The Quarterly Journal of Economics, 130(4), 1975{2026.
- Fehr, E., and L. Gotte (2007): \Do Workers Work More If Wages Are High? Evidence From a Randomized Field Experiment," American Economic Review, 97(1), 298{317.
- Goldin, C. (2014): \A grand gender convergence: Its last chapter," The American Economic Review, 104(4), 1091{1119.
- Heckman, J. J. (1974): \Shadow Prices, Market Wages, and Labor Supply," Econometrica, 42(4), 679{694.

(1979): \Sample Selection Bias as a Speci cation Error," Econometrica, 47(1), 153{162.

(1993): \What Has Been Learned About Labor Supply in the Past Twenty Years?," American Economic Review, 83(2), 116{121.

- Imbens, G., D. Rubin, and B. Sacerdote (2001): \Estimating the E ect of Unearned Income on Labor Supply: Evidence from a Survey of Lottery Players," American Economic Review, 91(4), 778{794.
- Keane, M., and R. Moffitt (1998): \A Structural Model of Multiple Welfare Program Participation and Labor Supply," International Economic Review, 39(3), 553{589.
- Lang, K., and S. Khan (1991): \The E ect of Hours Constraints on Labor Supply Estimates," Review of Economics and Statistics 73(4), 605{611.

#### 4.3 Labor Demand

- \$ Acemoglu, D., and P. Restrepo (2016): \The race between machine and man: Implications of technology for growth, factor shares and employment," Discussion paper, National Bureau of Economic Research.
- # Acemoglu, D., and P. Restrepo (2017): \Robots and Jobs: Evidence from US Labor Markets," Discussion paper, National Bureau of Economic Research.
- \$ Autor, D., L. Katz, and M. Kearney (2006): \The Polarization of the U.S. Labor Market," American Economic Review, 96(2), 189{194.
- \$ Cooper, R., J. Haltiwanger, and J. Willis (2004): \Dynamics of Labor Demand: Evidence From Plant-Level Observations and Aggregate Implications," NBER Working Paper 10297.
- # David, H., D. Dorn, and G. H. Hanson (2013): \The China syndrome: Local labor market e ects of import competition in the United States," The American Economic Review, 103(6), 2121{2168.
- \$ Hamermesh, D., and G. Pfann (1996): \Adjustment Costs in Factor Demand," Journal of Economic Literature, 34(3), 1264{1292.
- \$ Hellerstein, J., and D. Neumark (2007): \Production Function and Wage Equation Estimation with Heterogenous Labor: Evidence from a New Matched Employer-Employee Data Set," in Hard-to-Measure Goods

- David, H. (2015): \Why are there still so many jobs? The history and future of workplace automation," The Journal of Economic Perspectives 29(3), 3{30.
- Dinardo, J., and D. Card (2002): \Skill-Biased Technical Change and Rising Wage Inequality: Some Problems and Puzzles," Journal of Labor Economics, 20(4), 733{783.
- Hamermesh, D. (1993): Labor Demand Princeton University Press, Chapters 1-3.

#### 4.4 Human Capital Investment

- \$ Ben-Porath, Y. (1967): \The Production of Human Capital and the Life Cycle of Earnings," Journal of Political Economy, 75(4), 352{365.
- \$ Keane, M., and K. Wolpin (1997): \The Career Decisions of Young Men," Journal of Political Economy, 105(3), 473{522.
- # Todd, P., and K. Wolpin (2006): \Using Experimental Data to Validate a Dynamic Behavioral Model of Child Schooling: Assessing the Impact of a School Subsidy Program in Mexico," American Economic Review, 96(5), 1384{1417.
- \$ Willis, R., and S. Rosen (1979): \Education and Self-Selection," Journal of Political Economy, 87(5), S7{S36.
- Becker, G. (1993): Human Capital, 3rd Edition. Columbia University Press, Read Part 1, pg. 29-158.
- Blundell, R., M. Costa Dias, C. Meghir, and J. Shaw (2016): \Female labor supply, human capital, and welfare reform," Econometrica, 84(5), 1705{1753.
- Card, D. (1999): \The Causal E ect of Education on Earnings," in Handbook of Labor Economics: Vol. 3A ed. by O. Ashenfelter, and D. Card, p. 1801:1863. North Holland: Amsterdam.
- Imai, S., and M. P. Keane (2004): \Intertemporal Labor Supply and Human Capital Accumulation," International Economic Review, 45(2), 601{641.

## 4.5 Evaluating the Productivity of Educational Inputs

- \$ Chetty, R., J. N. Friedman, and J. E. Rockoff (2014): \Measuring the impacts of teachers II: Teacher value-added and student outcomes in adulthood," The American Economic Review 104(9), 2633{2679.
- **\$ Deming, D., and C. Walters** (2017): \The impacts of price and spending subsidies on us postsecondary attainment," NBER Working Paper.
- # Muralidharan, K., A. Singh, and A. J. Ganimian (2016): \Disrupting education? Experimental evidence on technology-aided instruction in India," Discussion paper, National Bureau of Economic Research.
- Altonji, J., T. Elder, and C. Taber (2005): \Selection on Observed and Unobserved Variables: Assessing the E ectiveness of Catholic Schools," Journal of Political Economy, 113(1), 151{184.
- Angrist, J., and V. Lavy (1999): \Using Maimonides' Rule to Estimate the E ect of Class Size on Scholastic Achievement," Quarterly Journal of Economics, 114(2), 533{575.
- Angrist, J. D., P. D. Hull, P. A. Pathak, and C. R. Walters (2017): \Leveraging lotteries for school value-added: Testing and estimation," The Quarterly Journal of Economics, 132(2), 871{919.
- Bettinger, E. P., B. T. Long, P. Oreopoulos, and L. Sanbonmatsu (2012): \The Role of Application Assistance and Information in College

to Opportunity experiment," The American Economic Review 106(4), 855(902.

- Chetty, R., N. Hendren, P. Kline, and E. Saez (2014): \Where is the land of Opportunity? The Geography of Intergenerational Mobility in the United States," The Quarterly Journal of Economics, 129(4), 1553{1623.
- Diamond, R. (2012): \The determinants and welfare implications of us workers diverging location choices by skill: 1980-2000," Working Paper.
- Enrico, M. (2011): \Local labor markets," Handbook of labor economics 4, 1237{1313.
- Greenstone, M., R. Hornbeck, and E. Moretti (2010): \Identifying agglomeration spillovers: Evidence from winners and losers of large plant openings," Journal of Political Economy, 118(3), 536{598.
- Kline, P., and E. Moretti (2013): \Local Economic Development, Agglomeration Economies, and the Big Push: 100 Years of Evidence from the Tennessee Valley Authority," Quarterly Journal of Economics, Forthcoming.

#### 4.8 Labor Market Search/Wage Equilibrium

- # Christensen, B. J., R. Lentz, D. T. Mortensen, G. R. Neumann, and A. Werwatz (2005): \On-the-job Search and the Wage Distribution," Journal of Labor Economics, 23(1), 31{58.
- \$ Postel-Vinay, F., and J.-M. Robin (2002): \Equilibrium wage dispersion with worker and employer heterogeneity," Econometrica, 70(6), 2295{2350.
- Abowd, J. M., F. Kramarz, and D. Margolis (1999): \High Wage Workers and High Wage Firms," Econometrica, 67(3), 251{333.
- Cahuc, P., F. Postel-Vinay, and J.-M. Robin (2006): \Wage Bargaining with On-the-Job Search: Theory and Evidence," Econometrica, 74(2), 323{364.
- Cuhuc, P., and A. Zylberberg (2004): Labor Economics MIT Press, Chapters 3 and 9.

- Davis, S. T., and J. Haltiwanger (1992): \Gross Job Creation, Gross Job Destruction, and Employment Reallocation," Quarterly Journal of Economics, 107(3), 819{863.
- Manning, A., and B. Petrongolo (2017): \How local are labor markets? Evidence from a spatial job search model," American Economic Review, 107(10), 2877{2907.
- Marinescu, I. (2017): \The general equilibrium impacts of unemployment insurance: Evidence from a large online job board," Journal of Public Economics, 150, 14{29.
- Marinescu, I., and R. Wolthoff (2016): \Opening the black box of the matching function: The power of words," Discussion paper, National Bureau of Economic Research.
- Mortensen, D. (2003): Wage Dispersion: Why Are Similar Workers Paid Di erently? Cambridge: MIT Press, All Chapters.
- Mortensen, D., and C. Pissarides (1999): \New Developments in Models of Search in the Labor Market," in Handbook of Labor Economics, Volume 3 Part 2, ed. by O. Ashenfelter, and D. Card. Amsterdam: North Holland Press.
- Mortensen, D. T., and C. A. Pissarides (1994): \Job Creation and Job Destruction in the Theory of Unemployment," The Review of Economic Studies 61(3), 397{415.
- Moscarini, G. (2001): \Excess Worker Reallocation," The Review of Economic Studies 68, 593{612.
- Pissarides, C. (2000): Equilibrium Unemployment Theory. Cambridge: MIT Press.
- Rogerson, R., and R. Shimer (2011): \Search in macroeconomic models of the labor market," Handbook of Labor Economics 4, 619{700.
- Shimer, R. (2005): \The Assignment of Workers to Jobs in an Economy with Coordination Frictions," Journal of Political Economy, 113(5), 996{ 1025.
- Taber, C., and R. Vejlin (2016): \Estimation of a roy/search/compensating di erential model of the labor market," Discussion paper, National Bureau of Economic Research.

#### 4.9 Networks

- \$ Calvo-Armengol, A., and M. Jackson (2004): \The E ects of Social Networks on Employment and Inequality," American Economic Review, 94(3), 426{454.
- \$ Schmutte, I. M. (2014): \Job referral networks and the determination of earnings in local labor markets," Journal of Labor Economics, 33(1), 1{32.
- Bramoull, Y., H. Djebbari, and B. Fortin (2009): \Identi cation of Peer E ects through Social Networks," Journal of Econometrics, 150, 41{55.
- Currarini, S., M. O. Jackson, and P. Pin (2009): \An Economic Model of Friendship: Homophily, Minorities, and Segregation," Econometrica, 77(4), 1003{1045.
- Easley, D., and J. Kleinberg (2010): Networks, Crowds and Markets: Reasoning about a Highly Connected WorldCambridge, U.K.: Cambridge University Press, Chapters 2 and 3.
- **Graham**, **B.** (2008): \Identifying Social Interactions Through Conditional Variance Restrictions," **Econometrica**, 76(3), 643{660.
- Hellerstein, J., M. McInerney, and D. Neumark (2008): \Neighbors and Co-Workers: The Importance of Residential Labor Market Networks," NBER Working Paper 14201.
- Jackson, M., and B. Rogers (2007): \Meeting Strangers and Friends of Friends: How Random Are Social Networks?," American Economic Review, 97(3), 890{915.
- Manski, C. (1993): \Identi cation of Endogenous Social E ects: The Reection Problem," The Review of Economic Studies60(3), 531{542.
- Zimmerman, S. D. (2016): \Making the One Percent: The Role of Elite Universities and Elite Peers," Discussion paper, National Bureau of Economic Research.

#### 4.10 Matching Markets

\$ Choo, E., and A. Siow (2006): \Who marries whom and why," Journal of political Economy, 114(1), 175{201. Abdulkadiroglu, A., J. D. Angrist, Y. Narita, and P. A. Pathak