

Econ 617: Graduate labor economics
Fall, 2024

Course information

Instructor:

John Gardner
jrgardne@olemiss.edu
318 Odom

OH: By appointment (on Zoom or in my office)

Time:

Place:

URL: <http://blackboard.olemiss.edu>

Course overview

This is a survey course in modern, rigorous labor economics, along with a few topics from empirical law and economics, health economics, and applied microeconomics as well (don't worry if you're primarily interested in macro or another field, the methodological conclusions that you learn in this course will carry over to research of all stripes). The overriding goal of the course is to provide you with extensive experience carefully reading, deeply understanding, and critically evaluating serious (and primarily empirical) economics papers.

The course will primarily consist of in-class discussions of papers. Your only responsibilities for this course will be reading papers (and turning in short summaries of them), participating in in-class discussions, and writing a short research paper. Despite this, because you will be carefully reading a large number of papers, I expect this to be one of the more difficult courses that you have taken in graduate school. However, because you will also gain exposure to many perspectives on economic research, I also expect it to be one of the most rewarding. I also hope that we have some fun along the way.

Course logistics

Each day that the course meets, we will carefully discuss one paper (or possibly two shorter papers).

For each paper, each student will submit a brief (\approx 1 page) summary of the paper, which will discuss the following aspects of the paper:

- *Motivation*: What question does this paper answer, and why is it important? (This should also include a short summary of the paper's *theoretical* results, if it includes any).
- *Methods*: What is the primary empirical strategy that the paper uses?
- *Findings*: What are the most important results of the empirical analysis?
- *Criticisms*: What are the limitations of the paper's empirical approach? Can you think of alternative approaches that overcome these limitations?
- *Questions*: Are there any parts of the paper that you don't understand (i.e., methods use, conclusions drawn, assumptions made, etc.)?

For each paper, one student will be designated as the discussion leader. This student will kick off the discussion with a brief (\approx 5-10 minute) presentation of their written summary. That student will also engage the class by raising questions about limitations of the paper, parts of the paper that they were not clear on, or any other noteworthy aspects of the paper.

Assessment

Your grade in this course will be based on your written summaries and in-class participation (60%) on a research paper that you will write (40%). It is impossible to get a good grade in this class without carefully reading all of the papers and contributing to our discussions of them (translation: don't get lazy!).

Research paper

Each student will also write a research paper on a topic in labor economics, and present that paper to the class. The paper can be related to one of the topics that we discussed in class or something completely different, as long as it is a proper labor (or a closely related field) topic.

The paper (and presentation) should include:

1. *Introduction, motivation and literature review*: What is your topic, and why does it matter? What has other research on this topic found? Give a brief overview of your empirical strategy and results
2. *Theory*: Either an informal discussion about how existing theory motivates your question or empirical strategy, or if necessary, a new model or new twist on an existing model.
3. *Data*: Where did you get your dataset? Why are you using these data? Are there any limitations of this dataset (key variables missing, etc.) and, if so, how are you going to deal with them? Provide summary statistics for key variables to give a sense of what your data look like.
4. *Empirical strategy*: How are you going to answer your question? What potential problems might you run into (Endogeneity? Sample selection? Censoring? Omitted variables?) and how are you going to solve them?
5. *Conclusion*: What do we take away from your results? What are the implications? What are potential limitations of your research? How can this research be extended? Can you apply this method to other topics? Can you think of a better way to overcome the limitations of your approach?

The paper should be about 10-15 pages, including tables, figures and references. It doesn't have to be perfect. Just pose an interesting question and try to answer it. This short paper might turn into a dissertation chapter. Even if it doesn't, figuring out how to overcome the problems you run into might provide the basis for a future paper. Or you might realize that, while you can't answer your original question, you can apply your approach to answer a related question.

Coming up with interesting, tractable research questions is hard work. Answering them is even harder. As such, it's imperative that you get an early start. I will have students submit a preliminary version of their research question and empirical strategy for approval early on, so that I can provide some guidance.

This isn't an English class, but it is a good time to hone your academic writing skills. I am also not an English teacher, so I can only offer a few pieces of writing advice. Since we use a lot of made-up words in economics, we become inured to the red squiggly lines, so be sure to read your paper carefully for typos. Jargon and acronyms increase the cognitive cost of reading your paper, so use them sparingly, and only in cases where they save you a lot of typing. Don't assume that the audience has read everything that you have – when in doubt, explain. If you ever think to yourself “they'll probably know what I'm trying to say,” you're wrong; rewrite. For real writing advice, consult *The Elements of Style* by Strunk and White or *Economical Writing* by McCloskey, both of which are cheap online.

Background on labor economics theory

Since this course is a survey of empirical labor economics, we won't spend much time on formal theoretical modelling. Fortunately, your previous knowledge of microeconomic theory will be enough to help you understand the theoretical results and motivation for most of the papers that we discuss. That being said, labor economics is also a broad and diverse field that touches on many topics not typically discussed in courses on microeconomic theory. Below are some resources that I recommend to expand your knowledge of that theory, if you are so interested:

- Borjas, *Labor Economics*. This is an undergraduate text that gives an accessible overview of the most important models in labor economics. It also includes mathematical appendices that provide more technical introductions to some of the models.
- Cahuc, Carcillo and Zylberberg, *Labor Economics*. This is a graduate-level textbook that provides an extensive introduction to the theory of, and key empirical work on, labor economics.
- *Handbook of Labor Economics*. These handbook chapters present detailed summaries of important theoretical and empirical topics in labor economics. Of particular interest is the chapter “Empirical Strategies in Labor Economics” by Angrist and Krueger (1999), which provides an overview of key empirical methods in labor.
- Angrist and Pischke, *Mostly Harmless Econometrics*. This is an excellent guide to the econometric methods that labor (and other empirical) economists use to conduct causal inference (it is essentially a book-length treatment of the Handbook chapter by Angrist and Krueger).

Topics and readings

(Multiple papers per bullet point means that all papers will be discussed in the same class.)

Meta topics: Causal inference and credibility

- Lalonde, Robert J. 1986. “Evaluating the Econometric Evaluations of Training Programs with Experimental Data.” *The American Economic Review* 76 (4): 604–20.
- Angrist, Joshua D., and Jörn-Steffen Pischke. 2010. “The Credibility Revolution in Empirical Economics: How Better Research Design Is Taking the Con out of Econometrics” 24 (2): 3–30.

Summers, Lawrence, H. 1991. “The Scientific Illusion in Empirical Macroeconomics.” *The Scandinavian Journal of Economics, Proceedings of a Conference on New Approaches to Empirical Macroeconomics*, 93 (2): 129–48.

Technology and productivity

- Krueger, A. B. 1993. “How Computers Have Changed the Wage Structure: Evidence from Microdata, 1984-1989.” *The Quarterly Journal of Economics* 108 (1): 33–60.
- DiNardo, John E., and Jörn Steffen Pischke. 1997. “The Returns to Computer Use Revisited: Have Pencils Changed the Wage Structure Too?” *Quarterly Journal of Economics* 112 (1): 291–303.

Racial bias in policing

- Fryer, Roland G. 2020. “An Empirical Analysis of Racial Differences in Police Use of Force.” *Journal of Political Economy* 127 (3): 1210–61.
- Durlauf, Steven N., and James J. Heckman. 2020. “An Empirical Analysis of Racial Differences in Police Use of Force: A Comment.” *Journal of Political Economy* 128 (10): 3998–4002.
- Fryer, Roland G. 2020. “An Empirical Analysis of Racial Differences in Police Use of Force: A Response.” *Journal of Political Economy* 128 (10): 4003–8.
- Knowles, J., N. Persico, and P. Todd. 2001. “Racial Bias in Motor Vehicle Searches: Theory and Evidence.” *Journal of Political Economy* 109 (1): 203–29.
- Antonovics, Kate, and Brian Knight. 2009. “A New Look at Racial Profiling: Evidence from the Boston Police Department.” *Review of Economics and Statistics* 91 (1): 163–77.
- Hoekstra, Mark, and Carly Will Sloan. 2022. “Does Race Matter for Police Use of Force? Evidence from 911 Calls.” *American Economic Review* 112 (3): 827–60.

Immigration and wages

- Card, David. 1990. “The Impact of the Mariel Boatlift on the Miami Labor Market.” *Industrial and Labor Relations Review* 43 (2): 245–57.
- Borjas, George J. 2003. “The Labor Demand Curve Is Downward Sloping: Reexamining the Impact of Immigration on the Labor Market.” *Quarterly Journal of Economics* 118 (4): 1335–74.
- Card, David. 2001. “Immigrant Inflows, Native Outflows, and the Local Labor Market Impacts of Higher Immigration.” *Journal of Labor Economics* 19 (1): 22–64.
- Borjas, George J. 2017. “The Wage Impact of the Marielitos: A Reappraisal.” *Industrial Labor Relations Review*.
- Clemens, Michael A, and Jennifer Hunt. 2019. “The Labor Market Effects of Refugee Waves: Reconciling Conflicting Results.” *Industrial and Labor Relations Review* 72 (4): 818–57.

The minimum wage and employment

- Card, David, and Alan B Krueger. 1994. “Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania.” *American Economic Review* 84 (4): 772–93.

- Cengiz, Doruk, Arindrajit Dube, Attila Lindner, and Ben Zipperer. 2019. “The Effect of Minimum Wages on Low-Wage Jobs.” *Quarterly Journal of Economics* 134 (3): 1405–54.
- Neumark, David, and Peter Shirley. 2021. “Myth or Measurement: What Does the New Minimum Wage Research Say about Minimum Wages and Job Loss in the United States?” *Industrial Relations* 61 (4): 384–417.

Drugs and drug policy

- Cunningham, Scott, and Keith Finlay. 2013. “Parental Substance Use and Foster Care: Evidence from Two Methamphetamine Supply Shocks.” *Economic Inquiry* 51 (1): 764–82.
- Evans, Mary, F., Matthew Marris C., and Lawrence Kessler M. 2022. “The Hazards of Unwinding the Prescription Opioid Epidemic: Implications for Child Maltreatment.” *American Economic Journal: Economic Policy* 14 (4): 192–231.
- Moore, Timothy, J., William Olney W., and Benjamin Hansen. 2023. “Importing the Opioid Crisis? International Trade and Fentanyl Overdoses.” NBER Working Paper no. 31885.

Education and human capital

- Angrist, Josh D., and Alan B. Krueger. 1991. “Does Compulsory School Attendance Affect Schooling and Earnings?” *Quarterly Journal of Economics* 106 (4): 979–1014.
- Buckles, Kasey S, and Daniel M Hungerman. 2013. “Season of Birth and Later Outcomes: Old Questions, New Answers.” *The Review of Economics and Statistics* 95 (3): 711–24.
- Clark, Damon, and Paco Martorell. 2014. “The Signaling Value of a High School Diploma.” *Journal of Political Economy* 122 (2): 282–318.
 - Lang, Kevin, and Michael Manove. 2011. “Education and Labor Market Discrimination.” *American Economic Review* 101: 1467–96.