

Economics 8686- Labor Economics 2
Fall 2013
Tues/Thurs 11-12:15 ECON 5
www.colorado.edu/Economics/courses/mckinnis/econ8686

Terra McKinnish
Econ 115
mckinnis@colorado.edu
303-492-6770
spot.colorado.edu/~mckinnis
Office Hours: Tues/Thurs 10-11 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 economics of the family.

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 9/13

PS#2- Instrumental Variables, Labor Supply Due 9/27

PS#3- Measurement Error, Limited Dependent Variables, Due 10/18

In addition to a midterm (10/8) and final, students will be required to write an executive summary of an existing paper (Due 11/15) and a research proposal (Due 12/13)

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

8/27, 8/29- 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.

9/3- 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.

9/5, 9/10- 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.

9/12, 9/17- Measurement Error, Limited Dependent Variables, Selection

II. Labor Supply

9/19, 9/24 – Intro to Static Model

9/26 - Estimation of Static Model

Gelbach, Jonah. 2002. "How Large an Effect Do Child Care Costs Have on Single Mothers' Labor Supply? Evidence Using Access to Free Public Schooling." *American Economic Review* 93:307-22.

10/1, 10/3- 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.

10/8 Midterm

III. Human Capital

10/10- Human Capital Model

10/15-11/5

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.

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. 2010. "The Signalling Value of a High School Diploma", working paper.

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.

Dynarski, Susan, Jonathan Gruber and Danielle Li. 2009. "Cheaper by the Dozen: Sibling Discounts at Catholic schools to estimate the price elasticity of private school Attendance." NBER working paper #15461.

Chetty, Raj, John Friedman and Jonah Rockoff. 2011. "The Long-term impacts of teachers: Teacher value-added and student outcomes in adulthood." NBER working paper #17699.

Bedard, Kelly and Elizabeth Dhuey. 2006. "The Persistence of early childhood maturity: International evidence of long-run age effects" *Quarterly Journal of Economics* 21(4), 1437-1472.

Black, Sandra, Paul Devereux and Kjell Salvanes. 2005. "Why the apple doesn't fall far:

