

Economics of Labor Markets & Education

Dr Rashmi Rekha Barua

Class Timing: Monday 11:30 to 1 PM/Thursday 9:30 to 11 AM

Course Description: This course will cover theoretical and empirical topics in labor economics and economics of education. Throughout the course, I will try to relate theory to applied issues. Students will also be introduced to some recent empirical approaches in labor economics. The course will expose students to important theoretical and applied topics in such areas as labor supply theory, human capital (education and training), wage differentials, discrimination in labor markets, earnings inequality, signaling approach to education and the education production function.

Grading:

Assessment:

Class attendance and participation 10%

Paper proposal 5%

Paper 25%

Presentations (group) 20%

Final Exam (cumulative) 40%

Textbook

The course is based mostly on research papers. There is no required textbook for the course, but useful books include:

- Cahuc, Pierre and Andre Zylberberg (2004), *Labor Economics*, MIT Press.
- Angrist and Pischke (2009), *Mostly Harmless Econometrics*, Princeton University Press.
- *Handbook of Labor Economics* (relevant volumes)
- *Handbook of Economics of Education* (relevant volumes)

1. Introduction to Labor Economics and issues in empirical estimation

J. Angrist and A. Krueger, "Empirical strategies in labor economics" In O. Ashenfelter and D. Card, editors, *Handbook of Labor Economics*, volume 3A, pages 1277–1366. Elsevier Science, 1999.

Angrist and Pischke (2009), *Mostly Harmless Econometrics*, Princeton University Press.

2. Labor supply

2.1 Static Labor Supply: Introduction, Basic facts and theory

Blundell and MaCurdy, "Labor Supply: A Review of Alternative Approaches" *Handbook of Labor Economics*, Vol. 3A, Chapter 27

2.2 Static Labor Supply: Empirics

N. Eissa and J. Leibman, "Labor Supply Response to the Earned Income Tax Credit," *Quarterly Journal of Economics* 111 (May 1996)

Angrist, J. D. and W. N. Evans (1998), "Children and Their Parents' Labour Supply: Evidence

from Exogenous Variation in Family Size”, *The American Economic Review*, 88(3), pp. 450-77.
Gelbach, Jonah B. 2002. “Public Schooling for Young Children and Maternal Labor Supply.” *American Economic Review* 92(1): 307-322.

Presentations

D. Cesarini, E. Lindqvist, M. Notowidigdo, and R. Östling, “The Effect of Wealth on Individual and Household Labor Supply: Evidence from Swedish Lotteries,” *American Economic Review*, 107 (December 2017).

The Impact of the Mariel Boatlift on the Miami Labor Market.’ *Industrial and Labor Relations Review*, vol.43, (January 1990), pp. 245—257

2.3 Intertemporal Labor Supply

Blundell and MaCurdy, “Labor Supply: A Review of Alternative Approaches” *Handbook*, Vol. 3A, Chapter 27

Altonji, Joseph. “Intertemporal Substitution in Labor Supply: Evidence from Micro Data” *Journal of Political Economy*. June 1986

MaCurdy, Thomas. “An Empirical Model of Labor Supply in a Life-Cycle Setting.” *Journal of Political Economy*. December 1981.

Card, David “Intertemporal Labor Supply: An Assessment.” NBER Working Paper #3602, January 1991.

2.4 Empirical estimates of labor supply relationships

Barua, Rashmi (2014) “Intertemporal Substitution in Maternal Labor Supply: Evidence Using State School Entrance Age Laws” , Volume 31, Pages 129-140, December 2014, *Labour Economics*

C. Camerer, L. Babcock, G. Lowenstein, and R. Thaler, “Labor Supply of New York City Cabdrivers: One Day at a Time,” *QJE* 112 (1997), 407-441.

Farber, Henry. “Is Tomorrow Another Day? The Labor Supply of New York City Cab Drivers” *Journal of Political Economy* 113(1), 2005 pp. 36-82.

Presentations

T. Stafford, “What Do Fisherman Tell Us that Taxi Drivers Don’t? An Empirical Investigation of Labor Supply,” *Journal of Labor Economics*, 33[3], 2015.

3. Discrimination: Theory and Evidence

Altonji, Joseph and Rebecca Blank, “Race and Gender in the Labor Market,” in Ashenfelter, O. and D. Card, eds., *Handbook of Labor Economics*, Vol. 3C. Amsterdam: Elsevier, 1999.

Pager, Devah (2007) “The Use of Field Experiments for Studies of Employment Discrimination: Contributions, Critiques, and Directions for the Future,” *Annals of the American Academy of Political and Social Science* 609: 104-133.

Neal, Derek A. and William R. Johnson, “The Role of Premarket Factors in Black-White Wage Differences,” *Journal of Political Economy*, 104(5), 1996, 869 – 895.

Bertrand, Marianne, and Sendhil Mullainathan. 2004. “Are Emily and Greg More Employable Than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination.” *American Economic Review*, 94 (4): 991-1013

Goldin, Claudia and C. Rouse, "Orchestrating Impartiality: The Impact of Blind Auditions on the Sex Composition of Orchestras." *American Economic Review* 90(4), 2000, 715-41.

Presentations

Edelman, Benjamin, Michael Luca, and Dan Svirsky. 2017. "Racial Discrimination in the Sharing Economy: Evidence from a Field Experiment." *American Economic Journal: Applied Economics*, 9 (2): 1-22.

4. Discrimination, gender and identity

Goldin, Claudia and Lawrence F. Katz. 2002. The power of the pill: Oral contraceptives and women's career and marriage decisions. *Journal of Political Economy* 110(4): 730-770

Goldin, Claudia, and Cecilia Rouse. 2000. Orchestrating Impartiality: The Impact of "Blind" Auditions on Female Musicians. *American Economic Review*, 90 (4): 715-741.

Interpreting Signals in the Labor Market: Evidence from Medical Referrals - Heather Sarsons

Atkinson, M. P., Greenstein, T. N., & Lang, M. M. (2005). For women, breadwinning can be dangerous: Gendered resource theory and wife abuse. *Journal of Marriage and Family*, 67(5), 1137–1148.

Babcock, Linda, Maria P. Recalde, Lise Vesterlund, and Laurie Weingart. 2017. "Gender Differences in Accepting and Receiving Requests for Tasks with Low Promotability." *American Economic Review*, 107 (3): 714-47.

5. Returns to education (private and social)

J. Angrist and A. Krueger. "Does Compulsory School Attendance Affect Schooling and Earnings?" *The Quarterly Journal of Economics*, 106(4):979–1014, 1991.

E. Duflo. "Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment" *The American Economic Review*, 91(4):795–813, 2001.

Lance Lochner & Enrico Moretti, 2004. "The Effect of Education on Crime: Evidence from Prison Inmates, Arrests, and Self-Reports," *American Economic Review*, American Economic Association, vol. 94(1), pages 155-189, March.

Barua, Rashmi, Marian Vidal-Fernandez and Ian Hoefer-Marti, 2023 "Wheeling into school and out of crime: Evidence from linking driving licenses to minimum academic requirements"

Acemoglu, Daron and Joshua Angrist (2000) "How Large Are The External Returns to Education: Evidence from Compulsory Schooling Laws" *NBER Macro Annual* 2000.

6. Health and education

Miguel, E., and Kremer, M. (2004): "Worms: Identifying Impacts on Education and Health in the Presence of Treatment Externalities", *Econometrica*, 72(1): 159-217.

Khushboo Aggarwal, Rashmi Barua and Marian Vidal-Fernandez (2023) "Still Waters Run Deep: Groundwater Arsenic Contamination & Education Outcomes in India", forthcoming, *Economics of Education Review*

7. Signaling approach to education

Weiss, Andrew, "Human Capital and Sorting Models," *Journal of Economic Perspectives*, 9(4), Autumn 1995, 133-154.

Spence, Michael, "Job Market Signaling," *Quarterly Journal of Economics*, 87(3), August 1973, 355-374.

Tyler, John, Richard J. Murnane and John Willett, "Estimating the Labor Market Signaling value of the GED," *Quarterly Journal of Economics*, 115(2), May 2002, 431-468

Lang, Kevin, and David Kropp, "Human Capital versus Sorting: The Effects of Compulsory Attendance Laws," *Quarterly Journal of Economics*, 101, 1986, 609-624.

Weiss, A., (1995), "Human Capital vs. Signaling Explanations of Wages", *The Journal of Economic Perspectives*, 9(4): 133-154.

Presentations

Bedard, Kelly (2001) "Human Capital Versus Signaling Models: University Access and High School Dropouts." *Journal of Political Economy* 109(4), 749 – 775.

8. Education Production Functions: School Quality, Peer effects, introduction to regression discontinuity design

Hanushek, Eric A., "The Economics of Schooling: Production and Efficiency in Public Schools," *Journal of Economic Literature*, XXIV (1986), 1141–1177

Bruce Sacerdote. "Peer Effects in Education: How Might They Work, How Big Are They and How Much Do We Know Thus Far?" Chapter 4 from *Handbook of the Economics of Education*, 3, (2011), Elsevier B.V.

B. Sacerdote. "Peer Effects with Random Assignment: Results for Dartmouth Roommates" *Quarterly Journal of Economics*, 681, 2001.

Alan B. Krueger., "Experimental Estimates of Education Production Functions" *Quarterly Journal of Economics*, Vol. 114, no. 2 (May 1999): 497-532.

Angrist, J. D., & Lavy, V. (1999). Using Maimonides' Rule to Estimate the Effect of Class Size on Scholastic Achievement. *The Quarterly Journal of Economics*, 114(2), 533–575.

Presentations

Black, Sandra (1999) "Do Better Schools Matter? Parental Evaluation of Elementary Education" *Quarterly Journal of Economics*, 114(2), 577-600.

Waldinger, F. (2012). Peer Effects in Science: Evidence from the Dismissal of Scientists in Nazi Germany. *The Review of Economic Studies*, 79(2), 838–861.

9. Incentives and Disincentives in Education

Gneezy, Uri, Stephan Meier, and Pedro Rey-Biel. 2011. "When and Why Incentives (Don't) Work to Modify Behavior." *Journal of Economic Perspectives*, 25 (4): 191-210.

Lindo, Jason M., Nicholas J. Sanders, and Philip Oreopoulos. 2010. "Ability, Gender, and Performance Standards: Evidence from Academic Probation." *American Economic Journal: Applied Economics*, 2 (2): 95-117.

Angrist, Joshua, and Victor Lavy, "The Effect of High-Stakes High School Achievement Awards: Evidence from a Group-Randomized Trial," *American Economic Review*, 99 (2009), 1384-1414

Barua, Rashmi & Marian Vidal-Fernandez (2014) “No Pass, No Drive: Education and Allocation of Time” Volume 8, No. 4, Pages 399-431, Winter 2014, *Journal of Human Capital*

Fryer R. Financial Incentives and Student Achievement: Evidence from Randomized Trials. *Quarterly Journal of Economics*. 2011;126 (4) :1755-1798.