

Econ 6442: Advanced Labor Economics II
Spring 2023
Mondays and Wednesdays, 12:20PM-1:35PM
Room: Oak 235

Professor Information:

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Office Hours: Mondays and Wednesdays, 1:45-2:25 or by appointment

Course Description:

Advanced Labor Economics II is part of a two-course sequence for the field of labor economics. We will start with an overview of the econometrics tools most often used in cutting edge applied microeconomics papers. We will then turn to a theoretical and empirical examination of labor supply. The course will end with discussions of several other topics within the field of labor economics where a particular emphasis will be placed on the techniques used for identifying causal relationships. Two main goals guide my teaching of this course. First, I aim to give students a firm grounding on some of the most influential studies within labor economics as well as the skills necessary for critically assessing these papers. Second, I view this class as a bridge connecting student roles as consumers of the literature to producers of the literature. By discussing papers at the forefront of the research frontier, I hope to push students to consider fruitful avenues for future research.

Useful Textbooks:

There is no required text for this course. However, for your own reference, you may want to consult the following books.

Cahuc, P. and A. Zylberberg. *Labor Economics*, MIT Press: 2004. This is the only existing graduate level textbook in labor economics.

Ehrenberg, R. and R. Smith. *Modern Labor Economics*, Addison Wesley: many editions. This is an undergraduate text which provides good background information.

The Handbook of Labor Economics, Volumes 1 and 2, North-Holland, 1986; Volumes 3A, 3B, and 3C, 1999; and Volumes 4A and 4B, 2011. We will go over many of the papers in these books. They are all online.

Wooldridge, J. *Econometric Analysis of Cross Section and Panel Data*, MIT Press. I consult this graduate Econometrics text most often. **(W)**

Wooldridge, J. *Introductory Econometrics: A Modern Approach*. This is my favorite undergraduate econometrics textbook.

Angrist, J. and J.S. Pischke. *Mostly Harmless Econometrics: An Empiricist's Guide*, Princeton University Press: 2009. **If you only purchase one book for this class (and your career as an applied micro researcher), this should be it. I suggest reading it carefully cover to cover. (MHE)**

Angrist, J. and J.S. Pischke. *Mastering 'Metrics: The Path from Cause to Effect*, Princeton University Press: 2014. This one is a lot like Mostly Harmless but with fewer equations. **(MM)**

Cunningham, S. *Causal Inference. The Mixtape*. Yale University Press: 2021. [Available online](#) for free.

Huntington-Klein, N. *The Effect: An Introduction to Research Design and Causality*, Chapman and Hall: 2021. [Available online](#) for free.

Mitchell, M. *Data Management Using Stata: A Practical Handbook*, StataCorp. This is a nice, simply guide to using Stata. Helpful to have the basics in a textbook instead of always having to check for how to do things online.

Blog:

I have a blog for you, my current students, as well as former students, future students, my friends, and anyone else out there who cares to read it. But mostly, the blog is for you: Econ 6442 students. Please browse through the old entries. Here it is: <http://deliasguidetoconomics.blogspot.com/>.

Grading:

The course grade will be based on the seminar emails, two take home problem sets, a midterm exam, a classroom presentation of a paper that is most closely related to your semester paper, and a semester paper. Problem sets will guide you through data exercises and help you prepare for the midterm exam. The purpose of the presentation is to develop your ability to read closely and analyze critically recent research. The purpose of the paper is to get you started on original research. In determining your final grade in the course, the emails will count for 5 percent, problem sets will count for 20 percent, the midterm 30 percent, the paper presentation for 15 percent and the paper 30 percent (5% proposal, 25% paper).

Seminars

Attending (and actively participating in) seminars is among the best ways to facilitate transition from course work to research. One of the most difficult skills to develop as a graduate student is coming up with topics for papers. You can develop this skill with practice. After each seminar, write down a 1-2 sentence description of the paper and then suggest two potential topics for related research. Submit these by Tuesday at 5:00 after each seminar. Another option (particularly for those of you who do not participate in the seminar series, but open to all) you can send me a 1-2 sentence description of any paper along with two potential topics for further research. Extra points if you can write down a potential data source. I will grade each of these on a three-point scale, and I will take the average of the best seven at the end of the semester. Feel free to use job talks for this exercise.

Paper Presentation

The paper you will present to the class should be a seminal paper within the topic of your semester paper. The paper must be of high quality. The first part of the presentation should summarize the paper, but I also want you to critique the paper and how you will contribute to this literature with your own research. The presentation should last thirty minutes but expect to be interrupted with questions.

Semester Paper

The paper cannot duplicate the paper for another course, but I encourage you to write all of your graduate school papers on similar topics. Students who took Advanced Labor Economics I may revise the paper written for that course, but it needs to be clear that significant revisions have been made. Please do let me know of your plans before submitting the proposal.

Important Dates (tentative)

Problem Set 1 due	February 1
Problem Set 2 due	February 22
Paper proposal due	March 8
Midterm exam	March 29
Presentations	April 3-19
Final paper due	April 26

Course Outline:

Part I: Review of Empirical Methods Used in Applied Microeconomics

1. The Experimental Ideal
MHE chapter 2; MM chapter 1, W, chapter 21.

2. Regression Analysis
MHE, chapter 3; MM, chapter 2; W, chapters 1, 4, and 21.
3. Instrumental Variables
MHE, chapter 4; MM, chapter 3; W, chapters 5, 8, 21.4
4. Fixed Effects and Differences-in-Differences
MHE, chapter 5; MM chapter 5; W chapter 10.
5. Regression Discontinuity
MHE, chapter 6; MM, chapter 4; W, chapter 21.5

Part II: Reading List

I reserve the right to amend this reading list throughout the semester in order to better accommodate student (and professor) interest.

1. Labor Supply

Cahuc and Zylberberg, Ch. 1.

2. Human Capital

Cahuc and Zylberberg, chapter 2.

Card, David. 1999. "[The Causal Effect of Education on Earnings.](#)" In O. Ashenfelter and D. Card, eds., *Handbook of Labor Economics*, 3(A):1801-1864. (Discussed in *Mostly Harmless Econometrics*, Chapter 4, p. 113-216).

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.

Angrist, Joshua and Lavy, Victor. 1999. "[Using Maimonides' Rule to Estimate the Effect of Class Size on Scholastic Achievement.](#)" *Quarterly Journal of Economics*, 114: 533-75. (Discussed in *Mostly Harmless Econometrics*, Chapter 6, p. 251-259).

3. Impacts of Labor Demand Shocks

Trade and Technology Shocks

Autor, David, Dorn, David, and Hanson, Gordon. 2013. "[The China Syndrome: Local Labor Market Effects of Import Competition in the United States.](#)" *American Economic Review*, 103(6): 2121–2168.

Autor, David, Dorn, David, Hanson, Gordon, and Song, Jae. 2014. "[Trade Adjustment: Worker Level Evidence.](#)" *Quarterly Journal of Economics*, 129(4): 1799-1860.

Acemoglu, Daron, and Pascual Restrepo. 2020. "[Robots and Jobs: Evidence from US Labor Markets.](#)" *Journal of Political Economy*, 128(6).

Deming, David J. 2017. "[The Growing Importance of Social Skills in the Labor Market.](#)" *The Quarterly Journal of Economics*, 132(4): 1593–1640.

Feler, Leo, and Mine Z. Senses. 2017. "[Trade Shocks and the Provision of Local Public Goods.](#)" *American Economic Journal: Economic Policy*, 9(4): 101–43.

Furtado, Delia and Haiyang Kong. "[How Do Low Skilled Immigrants Adjust to Chinese Import Shocks? Evidence using English Language Proficiency](#)" IZA Discussion Papers 14152, Institute of Labor Economics (IZA).
Business Cycles

Cadena, Brian and Kovak, Brian. 2016. "[Immigrants Equilibrate Local Labor Markets: Evidence from the Great Recession](#)." *American Economic Journal: Applied Economics*, 8(1): 257-90.

Maestas Nicole, Mullen Kathleen, Strand Alexander. 2021. "[The Effect of Economic Conditions on the Disability Insurance Program: Evidence from the Great Recession](#)." *Journal of Public Economics*, 199.

Stevens, Ann H., Douglas L. Miller, Marianne E. Page, and Mateusz Filipowski. 2015. "[The Best of Times, the Worst of Times: Understanding Pro-cyclical Mortality](#)." *American Economic Journal: Economic Policy*, 7(4): 279-311.

4. Culture and Social Norms

Fernandez, Raquel and Fogli, Alessandra. 2009. "[Culture: An Empirical Investigation of Beliefs, Work, and Fertility](#)," *American Economic Journal: Macroeconomics*, 1(1): 146-77.

Furtado, Delia, Marcen, Miriam, and Sevilla, Almudena. 2016. "[Does Culture Affect Divorce? Evidence from European Immigrants in the United States](#)," *Demography*, 53(1): 27-53.

Furtado, Delia, Kerry L. Papps and Nikolaos Theodoropoulos. 2022. "[Who Goes on Disability when Times are Tough? The Role of Work Norms among Immigrants](#)," *European Economic Review*, Volume 143.

5. Nursing Labor Markets and Old-Age Care

Cortés, Patricia, and Jessica Pan. 2015. "[The Relative Quality of Foreign-Educated Nurses in the United States](#)." *Journal of Human Resources*, 50(4):1009-1050.

Friedrich, Benjamin and Martin Hackmann. 2021. "[The Returns to Nursing: Evidence from a Parental Leave Program](#)." *The Review of Economic Studies*, Volume 88 (5): 2308– 2343.

Furtado, Delia and Francesc Ortega. 2022. "[Does Immigration Improve Quality of Care in Nursing Homes?](#)" CREAM Discussion Paper Series 2216, Centre for Research and Analysis of Migration (CREAM), Department of Economics, University College London.

Gruber, Jonathan, and Samuel Kleiner. 2012. "[Do Strikes Kill? Evidence from New York State](#)," *American Economic Journal: Economic Policy*, 4(1): 127-57.

Propper, Carol, and John Van Reenen. 2010. "[Can Pay Regulation Kill? Panel Data Evidence on the Effect of Labor Markets on Hospital Performance](#)," *Journal of Political Economy*, 118(2): 222–273.

6. Disability Insurance

Autor, David and Duggan, Mark. 2006. "[The Growth in the Social Security Disability Rolls: A Fiscal Crisis Unfolding](#)." *Journal of Economic Perspectives*, 20(3): 71-96.

Maestas, Nicole, Mullen, Kathleen J., and Strand, Alexander. 2013. "[Does Disability Insurance Receipt Discourage Work? Using Examiner Assignment to Estimate Causal Effects of SSDI Receipt](#)." *American Economic Review*, 103(5): 1797-1829.

7. Economics of Immigration

Impact of Immigration on Native Wages

Borjas, George. 2003. "[The Labor Curve is Downward Sloping: Reexamining the Impact of Immigration on the Labor Market](#)," *Quarterly Journal of Economics*, 1335–1374.

Card, David. 1990. "[The Impact of the Mariel Boatlift on the Miami Labor Market](#)," *Industrial and Labor Relations Review*, 43(2): 245-257.

Card, David. 2001. "[Immigrant Inflows, Native Outflows, and the Local Market Impacts of Higher Immigration](#)," *Journal of Labor Economics*, 19(1): 22–64.

Clemens, Michael Andrew and Lewis, Ethan G. 2022. "[The Effect of Low-Skill Immigration Restrictions on Us Firms and Workers: Evidence from a Randomized Lottery](#)." NBER Working Paper #30589.

Foged, Mette and Peri, Giovanni. 2016. "[Immigrants' Effect on Native Workers: New Analysis on Longitudinal Data](#)" *American Economic Journal, Applied Economics*. 8(2): 1-34.

Peri, Giovanni and Chad Sparber. 2009. "[Task Specialization, Immigration and Wages](#)," *American Economic Journal, Applied Economics*, 1(3): 135-169.

Immigration and Caregiving Markets

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

East, Chloe N. and Andrea Velásquez. 2022. "[Unintended Consequences of Immigration Enforcement: Household Services and High-Skilled Women's Work](#)," *Journal of Human Resources*. 0920-11197R1.

Furtado, Delia. 2014. "[Fertility Responses of High-Skilled Native Women to Immigrant Inflows](#)," *Demography*, 53:27–53.

High-Education Immigration

Burchardi, K.B., Chaney, T., Hassan, T.A., Tarquinio, L. and Terry, S.J., 2020. "[Immigration, Innovation, and Growth](#)," NBER Working Paper 27075).

Doran, Kirk, Alexander Gelber, and Adam Isen (2022) "[The Effects of High-Skilled Immigration Policy on Firms: Evidence from Visa Lotteries](#)" *Journal of Political Economy*. 130:10, 2501-2533.

Furtado, Delia and Catalina Amuedo-Dorantes. 2019. "[Settling for Academia? H-1B Visas and the Career Choices of Foreign-born U.S. Graduates](#)," *Journal of Human Resources*, 54(2): 401-429.

Hunt, Jennifer and Marjolaine Gauthier-Loiselle. 2010. "[How Much Does Immigration Boost Innovation?](#)" *American Economic Journal: Macroeconomics*, 2 (2): 417-457.

Kerr, William and William Lincoln. (2010) "[The Supply Side of Innovation: H-1B Visa Reforms and U.S. Ethnic Invention](#)." *Journal of Labor Economics* 28 (July), 473-508.

Kato, Takao and Sparber, Chad. 2013. "[Quotas and Quality: The Effect of H-1B Visa Restrictions on the Pool of Prospective Undergraduate Students from Abroad](#)." *Review of Economics and Statistics*, 95(1): 109-126.

Sparber, Chad, Peri, Giovanni and Shih, Kevin. 2015. "[Foreign and Native Skilled Workers: What Can We Learn from H-1B Lotteries?](#)" NBER Working Paper 21175.