

**Economics 2810b**  
**Spring 2024 Semester**

**Department of Economics**  
**Harvard University**

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**LABOR ECONOMICS**

Tuesday, Thursday 12 – 1:15 pm  
Littauer Center M-15

This is a graduate course in labor economics, appropriate for graduate students in the Department of Economics and other students with preparation in microeconomic theory and econometrics. The course teaches core topics in the field of labor economics.

Assignments: There are two main assignments. The final exam (50%) will take place during the final exam period assigned by the registrar and students will write an original research paper (40%), due April 24. During the semester, students will also present a short version of their research idea in class (5%) and turn in a one-page proposal describing their research proposal (5%), due March 5.

**ECONOMICS 2810b: Expected Lecture Schedule for Spring 2024**

**I. Field Experiments**

January 23: Field Experiments I  
January 25: Field Experiments II  
January 30: Field Experiments III

**II. Labor Supply**

February 1: Labor Supply I: Tax and Transfer Programs  
February 6: Labor Supply II: Intertemporal Labor Supply  
February 8: Labor Supply III: Family Labor Supply

**III. Agency, Wages, and Personnel Economics**

February 13: Moral Hazard, Incentives, and Multitasking  
February 15: Career Concerns and Relative Performance Evaluation  
February 20: Assignment Models and Market Structure  
February 22: Fairness and Wage Rigidities  
February 27: Guest: David Deming  
February 29: Asymmetric Information and Internal Labor Markets  
March 5: Human Resource Policies: Management Practices  
March 7: Statistical Discrimination I

**IV. Race and Gender**

March 12: No class (Harvard holiday)  
March 14: No class (Harvard holiday)  
March 19: Statistical Discrimination II  
March 21: Taste-based Discrimination  
March 26: Guest: Michela Carlana  
March 28: On-the-job Discrimination  
April 2: Segregation  
April 4: Guest: Will Dobbie  
April 9: Gender I

**V. Social Skills and Networks**

April 11: Gender II  
April 16: Social Networks I  
April 18: Social Networks II  
April 23: Class Presentations

## **I. Field Experiments**

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

DellaVigna, S., J. List, and U. Malmendier (2012). "Testing for Altruism and Social Pressure in Charitable Giving" *Quarterly Journal of Economics* 1(127): 1-56.

Crepon, B., E. Duflo, M. Gurgand, R. Rathelot, and P. Zamora. (2012) "Do Labor Market Policies Have Displacement Effects: Evidence from a Clustered Randomized Experiment." *Quarterly Journal of Economics* 128(2): 531-580.

Duflo, Esther, Pascaline Dupas, and Michael Kremer (2011). "Peer Effects and the Impacts of Tracking: Evidence from a Randomized Evaluation in Kenya." *American Economic Review* 101(5): 1739-1774.

Muralidharan, Karthik and Venkatesh Sundararaman (2015). "The Aggregate Effect of School Choice: Evidence from a Two-Stage Experiment in India" *Quarterly Journal of Economics* 130(3): 1011-1066.

Bursztyn, Leonardo and Robert Jensen (2015). "How Does Peer Pressure Affect Educational Investments." *Quarterly Journal of Economics* 130(3): 1329-1367.

## **II. Labor Supply**

N. Eissa and J. Liebman. (1996) "Labor Supply Response to the Earned Income Tax Credit," *Quarterly Journal of Economics* 111 (May), 605-37.

D. Card and D. Hyslop. (2005) "Estimating the Effects of a Time-Limited Earnings Subsidy for Welfare-Leavers," *Econometrica* 73(6), 1723-1770.

O. Ashenfelter and M. Plant. (1990) "Non-Parametric Estimates of the Labor Supply Effects of Negative Income Tax Programs," *Journal of Labor Economics* 8(1), S396-S415.

T. MaCurdy. (1981) "An Empirical Model of Labor Supply in a Life-Cycle Setting," *Journal of Political Economy* 89(6), 1059-1085.

D. Card. (1994). "Intertemporal Labor Supply: An Assessment" in C. Sims, ed. *Advances in Econometrics Sixth World Congress* vol. II, Cambridge University Press, 49-78.

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

E. Fehr and L. Goette. (2007) "Do Workers Work More if Wages are High? Evidence from a Randomized Field Experiment," *American Economic Review* 97 (March), 298-317.

H. Farber. (2005) "Is Tomorrow Another Day? The Labor Supply of New York City Cab Drivers," *Journal of Political Economy* 111 (February), 46-82.

L. To and N. Thrakral, (2021). "Daily Labor Supply and Adaptive Reference Points." *American Economic Review* 111(8): 2417-2443.

D. Manoli and A. Weber. (2010). "Intertemporal Substitution in Labor Force Participation: Evidence from Policy Discontinuities," IZA Discussion Paper 5248.

H. Farber. (2008) "Reference-Dependent Preferences and Labor Supply: The Case of New York City Taxi Drivers," *American Economic Review* 98, 1069-1082.

J. Angrist and W. Evans. (1998) "Children and their Parents' Labor Supply: Evidence from Exogenous Variation in Family Size," *American Economic Review* 88(3), 450-477.

C. Goldin and L. Katz. (2002) "The Power of the Pill: Oral Contraceptives and Women's Career and Marriage Decisions," *Journal of Political Economy* 110 (August), 730-70.

H. Kleven, C. Landais, and J. Sogaard (2019). "Children and Gender Inequality: Evidence from Denmark," *American Economic Journal: Applied Economics* 11, 181-2019.

### **III. Agency, Wages, and Personnel Economics**

#### III.a. Moral Hazard, Incentives, and Multitasking

B. Holmstrom. (1979) "Moral Hazard and Observability," *Bell Journal of Economics*, 10.1 (Spring), 74-91.

E. Lazear. (2000) "Performance Pay and Productivity," *American Economic Review* 90 (December), 1346-61.

Mas, A. and E. Moretti. (2009), "Peers at Work," *American Economic Review* 99 (March), 112-45.

#### III.b. Career Concerns and Relative Performance Evaluation

V. Lavy. (2009) "Performance Pay and Teachers' Effort, Productivity and Grading Ethics", *American Economic Review*, 99(5) 1979-2011.

E. Lazear and S. Rosen. (1981) "Rank-Order Tournaments as Optimum Labor Contracts," *Journal of Political Economy*, 89 (October), 841-864.

Carpenter, Jeffrey, Peter Matthews and John Schirm. (2010). "Tournaments and Office Politics: Evidence from a real effort experiment" *American Economic Review* 100(1): 504-517.

Chevalier, Judith and Glenn Ellison (1999) "Career Concerns of Mutual Fund Managers." *Quarterly Journal of Economics* 114: 389-432.

Hoffman, Mitchell, Lisa Kahn, and Danielle Li (2018). "Discretion in Hiring." *Quarterly Journal of Economics* 133(2): 765-800.

Agarwal, Nikhil, Alex Moehring, Pranav Rajpurkar, Tobias Salz (2023). "Combining Human Expertise with Artificial Intelligence: Experimental Evidence from Radiology." NBER Working Paper 31422.

### III.c. Assignment Models and Market Structure

Tervio, Marko (2008). "The Difference that CEOs Make: An Assignment Model Approach." *American Economic Review* 98(3): 642-668.

Pallais, Amanda. 2014. "Inefficient Hiring in Entry Level Labor Markets." *American Economic Review*, 104(11): 3565-99.

Koenig, Felix (2023). "Technical Change and Superstar Effects: Evidence from the Rollout of Television." *American Economic Review: Insights* 5(2): 207-223.

### III.d. Fairness, and Wage Rigidities

Kaur, Supreet (2019). "Nominal Wage Rigidity in Village Labor Markets." *American Economic Review* 109(10): 3585-3616.

Mas, Alexandre. 2006. "Pay, Reference Points, and Police Performance." *Quarterly Journal of Economics*, 121(3), August, 783 – 821.

List, John A. and Uri Gneezy. 2006. "Putting Behavioral Economics to Work: Testing for Gift Exchange in Labor Markets Using Field Experiments." *Econometrica*, 74(5), September, 1365-1384.

Breza, Emily, Supreet Kaur, and Yogita Shamdasani, 2018. "The Morale Effects of Pay Inequality." *Quarterly Journal of Economics* 133(2): 611-663.

### III.e. Asymmetric Information and Internal Labor Markets

R. Gibbons and L. Katz. (1991) "Layoffs and Lemons," *Journal of Labor Economics*, 9 (October), 351-380.

D. Acemoglu and J. Pischke. (1998) "Why Do Firms Train? Theory and Evidence." *Quarterly Journal of Economics*, 113 (February), 79-119.

K. Kroft, F. Lange, and M. Notowidigdo (2013). "Duration Dependence and Labor Market Conditions: Theory and Evidence from a Field Experiment." *Quarterly Journal of Economics* 128(3): 1123- 1167.

III.f. Human Resource Policies; Management Practices

N. Bloom and J. Van Reenen. (2007) "Measuring and Explaining Management Practices Across Firms and Countries," *Quarterly Journal of Economics*, 122(4), 1341-1408.

M. Bennis, K. Nielsen, F. Perez-Gonzalez, and D. Wolfenzon (2006). "Inside the Family Firm: The Role of Families in Succession Decisions." NBER Working Paper 12356.

N. Bloom, B. Eifert, A. Mahajan, D. McKenzie, and John Roberts. (2011). "Does Management Matter? Evidence from India." NBER WP No. 16658 (January).

N. Bloom, C. Propper, S. Seiler, and J. Van Reenen. (2010). "The Impact of Competition on Management Quality: Evidence from Public Hospitals." NBER Working Paper No. 16032 (May).

**IV. Race and Gender**

IV.a. Statistical Discrimination

Aigner, Dennis J. and Glen G. Cain (1977), "Statistical Theories of Discrimination in Labor Markets." *Industrial and Labor Relations Review*, 30(2): 175-187.

Coate, Stephen and Glenn Loury (1993), "Will Affirmative Action Eliminate Negative Stereotypes?" *American Economic Review*, 83 (5), 1220-1240.

Lehmann, J-Y K. (2013), "Job Assignment and Promotion Under Statistical Discrimination: Evidence from the Early Careers of Lawyers." Working Paper.

Bohren, J.A., A. Imas, and M. Rosenberg (2019). "The Dynamics of Discrimination: Theory and Evidence." *American Economic Review*.

Agan, A. and S. Starr (2018). "Ban the Box, Criminal Records, and Racial Discrimination: A Field Experiment." *Quarterly Journal of Economics* 133(1): 191-235.

IV.b. Taste-Based Discrimination

Charles, Kerwin and Jonathan Guryan (2008) "Prejudice and wages: An empirical assessment of Becker's The Economics of Discrimination," *Journal of Political Economy* 116(5): 773-809.

IV.c. On-the-job Discrimination

Glover, Dylan, Amanda Pallais, and William Pariente. 2017. "Discrimination as a Self-Fulfilling Prophecy: Evidence from French Grocery Stores." *Quarterly Journal of Economics*, 132(3): 1219-1260.

Sarsons, Heather. 2017. "Interpreting Signals in the Labor Market: Evidence from Medical Referrals." Working Paper.

IV.d. Segregation

Card, David, Alexandre Mas and Jesse Rothstein. 2008. "Tipping and the Dynamics of Racial Segregation." *Quarterly Journal of Economics*, 123 (February).

IV.f. Gender

M. Bertrand, C. Goldin, and L. Katz. (2010), "Dynamics of the Gender Gap for Young Professionals in the Financial and Corporate Sectors," *American Economic Journal: Applied Economics* 2 (July), 228-55.

M. Niederle and L. Vesterlund. (2007) "Do Women Shy Away from Competition? Do Men Compete to Much?" *Quarterly Journal of Economics* 122 (August), 1067-1101.

C. Goldin and C. Rouse. (2000), "Orchestrating Impartiality: The Impact of 'Blind' Auditions on Female Musicians," *American Economic Review* 90 (September), 715-41.

L. Beaman, R. Chattopadhyay, E. Duflo, R. Pande, and P. Topalova (2009). "Powerful Women: Does Exposure Reduce Prejudice?" *Quarterly Journal of Economics* 124(4): 1497-1540.

C. Exley and J. Kessler (2019). "The Gender Gap in Self-Promotion." NBER Working Paper 26345.

**V. Social Networks**

J. Montgomery (1991), "Social Networks and Labor Market Outcomes: Toward an Economic Analysis," *American Economic Review* 81(5):1408-18.

L. Beaman and J. Magruder (2012). "Who Gets the Job Referral? Evidence from a Social Networks Experiment." *American Economic Review* (December).

Kramarz, Francis, and Oskar Nordstrom Skans. 2014. "When Strong Ties Are Strong: Networks and Youth Labour Market Entry." *Rev. Econ. Studies* 81 (3): 1164–1200.

Heath, Rachel (2018). "Why Do Firms Hire Using Referrals? Evidence from Bangladeshi Garment Factories." *Journal of Political Economy*: 126(4): 1691-1746.