

13.1

1/1 point (graded)
True or False? The Card and Krueger (1994) study has been one of the most important papers in labor economics since its publication. No similar studies have been conducted since then, as there is no need to question their findings.

☐ True

☒ False



Explanation
Following Card and Krueger (1994), a number of similar studies have been published, either supporting or challenging the initial findings. For example, Cengiz, Dube, Lindner, and Zipperer (2019) found no decrease in employment in low-wage jobs following minimum wage increases by using 138 prominent state-level minimum wage changes between 1979 and 2016.

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13.2

1/1 point (graded)
True or False? Prior to Card and Krueger (1994), a large number of economists had already tried to test their theories in the real world.

☐ True

☒ False



Explanation
Prior to Card and Krueger (1994), economists tended to base believes and policy recommendations mainly on economic theory. Introducing reliable empirical evidence to test theory made the Card and Krueger (1994) study so compelling when it was published. It marked the beginning of the so-called “credibility revolution” in economics.

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13.3

1/1 point (graded)
True or False? The Card and Krueger (1994) study had no impact on politics at the time because the study was too complicated for policymakers to understand it.

☐ True

☒ False



Explanation
The Card and Krueger (1994) study had a significant impact at the time, in part due to its accessibility to policy makers. The findings of the study prompted the Clinton administration to increase the federal minimum wage.

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