ECO 630 Topics in Microeconomics: Labor Economics & Public Policy

Spring Semester 2021 Professor Riley Acton (she/her/hers)

FSB 1023 T/Th 2:50-4:10pm

Contact Information

Office Location FSB 3018

Email Address <u>actonr@miamioh.edu</u>

Virtual Office Hours Mon. 3:00-4:30pm and Thurs. 10:30am-12:00pm, or by appointment.

Sign up at: https://calendly.com/profacton. Email for appointments.

Course Description & Goals

This course covers labor economics and associated applied microeconomic topics using a combination of theoretical and empirical analysis. The goals of the course are to:

- 1. Introduce you to the wide range of topics applied microeconomists study.
- 2. Provide a theoretical framework for understanding the determinants of long-run economic outcomes, including the role of public policy intervention.
- 3. Equip you with the tools to evaluate both empirical studies of microeconomic phenomena and proposed economic policies.

Upon successful completion of this course, you will be able to summarize and synthesize the economic literature on a variety of topics, evaluate the merits and limitations of empirical studies, and outline the potential impacts of public policies related to the labor market.

Course Materials

There is no required textbook for this course. We will instead rely on scholarly articles, policy briefs, and my own lecture slides – all of which will be posted on Canvas. Please refer to the final pages of this document for a list of the articles I plan to cover.

If you are interested in furthering your study of labor economics and/or would like a textbook to follow, I recommend either *Labor Economics* by George Borjas or *Labor Economics: Principles in Practice* by Kenneth McLaughlin. Both are written at an advanced undergraduate level, are reasonably priced, and are available on Amazon.

Course Assignments

1. **Problem Sets (30%)**

I will assign three problem sets throughout the semester, each of which will be worth 10% of your final course grade. These assignments will require you to expand on the topics and articles we have covered in class and may involve data exercises using Stata. I encourage you to work with your classmates on these assignments, but each student must turn in their own copy.

2. COVID-19 Paper Referee Report (20%)

Midway through the semester, you will be required to turn in a referee report evaluating a working paper on a topic related to both our course and the COVID-19 pandemic. I will provide a list of paper sources and more detailed instructions as the deadline approaches.

3. Policy Memo (35%)

At the end of the semester, you will write a comprehensive policy memo related to one of the topics we have covered in the course. You will be required to describe a challenge facing a specific population, synthesize the academic literature on the topic, and make concrete suggestions of policies that may address it. You will also present your proposal to the class during the final two weeks of the semester. I will provide more details on the assignment as the semester progresses.

4. Participation (15%)

a. Class Discussion Leader (10%)

Once during the semester, you will be required to lead the class' discussion on a scholarly article (see the course schedule at the end of the syllabus for more information). This will involve presenting an overview of the article, including the authors' motivation, data and methods used, key findings, and limitations. You will also be our "point person" for any questions that arise during the discussion. Early in the semester, I will provide an electronic sign-up sheet to claim your date and topic.

b. General Class Participation (5%)

I expect all students to be regular, productive participants in class discussions. This means completing the assigned readings ahead of time, being prepared to thoughtfully discuss them, and keeping technological distractions to a minimum. Persistent lack of participation or preparedness will result in a reduction of your participation grade.

Learning During a Pandemic

Life is very scary and uncertain right now. You most likely know people who have lost their jobs, have tested positive for COVID-19, have been hospitalized, or perhaps have even died. You may have increased work responsibilities and/or increased family care responsibilities—you might be caring for extra people (young and/or old!) right now, and you are likely facing uncertain job prospects (or have been laid off or had your hours cut).

Despite the uncertainty and challenges facing us, I am fully committed to making sure that you learn everything you can from this class! I am willing to make reasonable accommodations to help you finish your assignments, do well on your exams, and learn and understand the class material. Under ordinary conditions, I aim to be flexible and understanding when students face difficult challenges. Under pandemic conditions, that flexibility and understanding is intensified.

If you need extra help, or if you need more time with something, or if you feel like you're behind or not understanding everything, do not suffer in silence! Talk to me! I will work with you and I will not judge you or think less of you. While you never owe me personal information about your health (mental or physical), you are always welcome to talk to me about things that you're going through. If I can't help you, I usually know somebody who can.

Other Course Policies

Health and Safety:

As outlined in Miami University's <u>Healthy Together Plan</u>, physical distancing and facial coverings are required during all in-person meetings (unless you have received a university-approved exemption to this requirement). If you are ill or have been in close contact with someone who has tested positive for COVID-19, <u>do not come to class</u>. Instead, please contact Student Health Services (https://miamioh.edu/student-life/student-health-service/) and email me to make appropriate arrangements for missed work and future class sessions.

Attendance:

I expect students to attend class sessions regularly and *strongly* believe it is the best way to learn the course material. However, as discussed above, we are living in unforeseen and uncertain times, and regular attendance may not be feasible for all students. As such, I will not be taking attendance in-class and will not penalize students who are unable to attend, so long as you communicate with me regarding your personal circumstances.

Academic Integrity:

One of the goals of this course is to prepare you to for future careers and advanced study within economics, so it is essential that you develop a solid understanding of the material. To that end, while collaboration on problem sets is encouraged, copying others' work on assignments is not. For more details on academic integrity, please see the university's academic integrity policy (http://www.miamioh.edu/integrity) and the FSB Honor Code (https://miamioh.edu/fsb/about/honor-code/index.html).

Inclusive Climate:

I consider this classroom to be a place where you will be treated with respect, and I welcome individuals of all ages, backgrounds, beliefs, ethnicities, genders, gender identities, gender expressions, national origins, religious affiliations, sexual orientations, ability – and other visible and nonvisible differences. All members of this class are expected to contribute to a respectful, welcoming and inclusive environment for every other member of the class.

Additional Resources

Basic Needs:

If you face challenges securing food or housing and believe this may affect you performance in the course, I urge you to contact the <u>Student Success Center</u> at 513-529-007 or <u>studentsuccess@MiamiOH.edu</u> for support. In addition, you are welcome to contact me regarding any outside-of-class challenges you face to allow me to best support you throughout the semester.

Disability Services:

If you are a student with a disability and feel you may need a reasonable accommodation to fulfill the essential functions of this course, you are encouraged to contact Student Disability Services (SDS). SDS provides accommodations and services for students with a variety of disabilities, including physical, medical and psychiatric disabilities. You are encouraged to contact SDS at SDS@miamioh.edu to learn more about registration and procedures for requesting accommodations. Current SDS registered students should request accommodations according to SDS procedure. You are strongly encouraged to request and discuss your accommodations needs during the first 2 weeks of the semester.

Mental Health Services:

Miami University is committed to the emotional and mental health needs of our students. As such, there are many resources available for you if you are experiencing concerns such as anxiety, depression, relationship problems, substance abuse, or other mental health issues impacting your ability to learn. The Student Counseling Service offers confidential mental health counseling and medication services for full-time Oxford students, including same-day emergency services. If you are experiencing any emotional difficulty, please contact their office at 513-529-4634 or www.miamioh.edu/studentcounseling.

Lauren's Promise:

Lauren McCluskey, a 21-year-old student at the University of Utah and the daughter of economist Jill McCluskey, was murdered on October 22, 2018 by a man she briefly dated. I am committed to making sure this does not happen again. If you are ever in immediate danger, call 911. If you or someone you know is experiencing sexual assault, domestic violence, stalking, or harassment, you can start with the University's short guide on what to do if you or someone you know has been harassed or assaulted, the Resource Guide for sexual assault and you can read about how to report sexual assault. Miami's Deputy Title IX Coordinator for Student Sexual and Interpersonal Violence is Ms. Gabrielle Dralle. You can contact her by phone at 513-529-1870 or by email at dralleg@miamioh.edu. For a full description of support services, see Miami's Title IX Protocol and The Office of Equity & Equal Opportunity.

Please note that as a faculty member, I am a mandated reporter, meaning that I am obligated to report any information I become aware of regarding alleged acts of sexual discrimination, including sexual violence and dating violence, to the Title IX office. For confidential support, you can contact Women 's 24-hour crisis hotline by call or text at 513-381-5610.

Tentative Course Schedule

Day	Date	Topic	Discussion Paper	Assignments
Tues.	Jan. 26	Introduction		
Thurs.	Jan. 28	Introduction		
Tues.	Feb. 2	Labor Supply		
Thurs.	Feb. 4	Labor Supply	Eissa & Hoynes (2004)	
Tues.	Feb. 9	Labor Supply	Maestas, Mullen, Strend (2013)	
Thurs.	Feb. 11	Labor Supply	Cortes & Tessada (2011)	
Tues.	Feb. 16	Labor Demand		Problem Set 1 due
Thurs.	Feb. 18	Labor Demand	Feigenbaum & Gross (2020)	
Tues.	Feb. 23	Labor Demand	Matsudaria (2014)	
Thurs.	Feb. 25	Institutions		
Tues.	Mar. 2	Institutions	Cenzig et al (2019)	Problem Set 2 due
Thurs.	Mar. 4	Institutions	DePasquale & Stange (2016)	
Fri.	Mar. 5	Seminar	Petra Moser (NYU)	
Tues.	Mar. 9		Reading Day – No Class	
Thurs.	Mar. 11	Institutions	Biasi & Sarsons (2020)	
Tues.	Mar. 16	Institutions	Bana, Bedard, & Rossin-Slater (2020)	
Thurs.	Mar. 18	Institutions	Meuller-Smith (2015)	
Tues.	Mar. 23	Human Capital		Referee Report Due
Thurs.	Mar. 25		Reading Day – No Class	
Fri.	Mar. 26	Seminar	Maria Zhu (Syracuse)	
Tues.	Mar. 30	Human Capital	Goodman (2019)	
Thurs.	Apr. 1	Human Capital	Abott et al. (2020)	
Tues.	Apr. 6	Human Capital	Dynarski et al. (2020)	
Thurs.	Apr. 8	Discrimination		
Fri.	Apr. 9	Seminar	Maggie Jones (University of Victoria)	
Tues.	Apr. 13	Discrimination	Bertrand & Mullainathan (2004)	
Thurs.	Apr. 15	Discrimination	Blau & Kahn (2017)	
Fri.	Apr. 16	Seminar	David Deming (Harvard)	
Tues.	Apr. 20	Discrimination	Chetty et al. (2020)	Problem Set 3 due
Thurs.	Apr. 22	Discrimination	Sansone (2019)	
Tues.	Apr. 27	Presentations		
Thurs.	Apr. 29	Presentations		
Tues.	May 4	Presentations		
Thurs.	May 6	Presentations		
TBD	Final			Policy Memo Due

Topics and Readings

Subject to change. Papers highlighted in yellow are those we will discuss in detail in class.

Introduction

Labor Economists' Contributions to the "Credibility Revolution"

Angrist & Pischke (2010). "The Credibility Revolution in Empirical Economics: How Better Research Design Is Taking the Con out of Econometrics". *Journal of Economic Perspectives*, 24(2). https://www.aeaweb.org/articles?id=10.1257/jep.24.2.3.

Angrist et al. (2017). "Economic Research Evolves: Fields and Styles". *American Economic Review, Papers & Proceedings,* 107(5). https://www.aeaweb.org/articles?id=10.1257/aer.p20171117.

The Market for Labor in the U.S.

Hamermesh (2019). "The labor market in the US, 2000-2018". *IZA World of Labor*, 361(2). https://wol.iza.org/uploads/articles/487/pdfs/the-labor-market-in-the-us.pdf?v=1.

Abraham & Kearney (2020). "Explaining the Decline in the U.S. Employment-to-Population Ratio: A Review of the Evidence". *Journal of Economic Literature*, 58(3). https://www.aeaweb.org/articles?id=10.1257/jel.20191480.

Stevenson (2020). "The Initial Impact of COVID-19 on Labor Market Outcomes Across Groups and the Potential for Permanent Scarring". *The Hamilton Project*. https://www.hamiltonproject.org/assets/files/Stevenson_LO_FINAL.pdf.

Labor Supply

Overview

Blundell & MaCurdy (1999). "Labour supply: A review of alternative approaches". *Handbook of Labor Economics*, 3.

https://www.econstor.eu/bitstream/10419/90853/1/wp9818.pdf.

Nunn, Parsons, & Shambaugh (2019). "Labor Force Nonparticipation: Trends, Causes, and Policy Solutions". *The Hamilton Project*. https://www.hamiltonproject.org/assets/files/PP_LFPR_final.pdf.

Impact of Government Transfer Programs

Eissa & Hoynes (2004). "Taxes and the labor market participation of married couples: the earned income tax credit." *Journal of Public Economics*, 88. https://gspp.berkeley.edu/assets/uploads/research/pdf/Eissa-Hoynes-JPUBE-2004.pdf.

Kleven (2020). "The EITC and the Extensive Margin: A Reappraisal." *Working Paper*. https://jrc.princeton.edu/news/kleven-eitc-2019.

Maestas, Mullen, & Strand (2013). "Does Disability Insurance Receipt Discourage Work? Using Examiner Assignment to Estimate Causal Effects of SSDI Receipt". *American Economic Review*, 103(5). https://eml.berkeley.edu/~saez/course/maestas-mullen-strandAER13.pdf.

East (2018). "Immigrants' labor supply response to Food Stamp access". *Labour Economics*, 51. https://www.sciencedirect.com/science/article/abs/pii/S0927537118300058.

Powell (2020). "Does Labor Supply Respond to Transitory Income? Evidence from the Economic Stimulus Payments of 2008". *Journal of Labor Economics*, 38(1). https://www.journals.uchicago.edu/doi/10.1086/704494.

Factors Affecting Female Labor Supply

Cascio (2009). "Maternal Labor Supply and the Introduction of Kindergartens into American Public Schools". *Journal of Human Resources*, 44(1). http://jhr.uwpress.org/content/44/1/140.refs.

Cortés & Tessada (2011). "Low-Skilled Immigration and the Labor Supply of Highly Skilled Women". *American Economic Journal: Applied Economics*, 3(3). https://www.aeaweb.org/articles?id=10.1257/app.3.3.88.

Black, Kolesnikova, & Taylor (2014). "Why do so few women work in New York (and so many in Minneapolis)? Labor supply of married women across US cities". Journal of Urban Economics, 79. https://www.sciencedirect.com/science/article/abs/pii/S0094119013000272

Labor Demand

Overview

Autor (2019). "Work of the Past, Work of the Future". *AEA Papers and Proceedings*, 109. https://economics.mit.edu/files/16724.

Forsythe et al. (2020). "Labor Demand in the time of COVID-19: Evidence from vacancy postings and UI claims". *NBER Working Paper No. w27061*. https://www.nber.org/papers/w27061.

Effects of Automation

Autor (2015). "Why Are There Still So Many Jobs? The History and Future of Workplace Automation". *Journal of Economic Perspectives*, 29(3). https://www.aeaweb.org/articles?id=10.1257/jep.29.3.3.

Feigenbaum & Gross (2020). "Automation and the Fate of Young Workers: Evidence from Telephone Operation in the Early 20th Century." *NBER Working Paper No. 02138*. https://www.nber.org/papers/w28061.

Market Power & Concentration

Matsudaria (2014). "Monopsony in the Low-Wage Labor Market? Evidence from Minimum Nurse Staffing Regulations". *Review of Economics and Statistics*, 96(1). https://www.mitpressjournals.org/doi/pdf/10.1162/REST a 00361.

Hershbein, Macaluso, and Yeh (2020). "Monopsony in the U.S. Labor Market". *American Economic Review*, forthcoming. https://drive.google.com/file/d/1UM7zcBBUSU64WaVhCdRDZYuCTXBh7IGu5/view.

Rinz (2020). "Labor Market Concentration, Earnings, and Inequality". *Journal of Human Resources*, forthcoming, https://kevinrinz.github.jo/concentration.pdf.

Labor Market Institutions

Minimum Wage

Cengiz et al. (2019). "The Effect of Minimum Wages on Low-Wage Jobs". Quarterly Journal of Economics, 134(3). https://academic.oup.com/gje/article/134/3/1405/5484905.

Dube (2019). "Minimum Wages and the Distribution of Family Incomes". *American Economic Journal: Applied*, 11(4).

https://www.aeaweb.org/articles?id=10.1257/app.20170085

Derenoucourt & Montialoux (2020). "Minimum Wages and Racial Inequality". *Quarterly Journal of Economics*, forthcoming. http://www.clairemontialoux.com/files/DM2020.pdf.

Neumark & Shirley (2021). "Myth or Measurement: What Does the New Minimum Wage Research Say about Minimum Wages and Job Loss in the United States?" NBER Working Paper No. 28388. https://www.nber.org/papers/w28388.

Occupational Licensing

DePasquale & Stange (2016). "Labor Supply Effects of Occupational Regulation: Evidence from the Nurse Licensure Compact." *NBER Working Paper No. 22344*. https://www.nber.org/papers/w22344.

Johnson & Kleiner (2020). "Is Occupational Licensing a Barrier to Interstate Migration?" *American Economic Journal: Applied Economics*, 12(3). https://www.aeaweb.org/articles?id=10.1257/pol.20170704

Unions

Biasi & Sarsons (2020). "Flexible Wages, Bargaining, and the Gender Gap." Working Paper.

https://www.barbarabiasi.com/uploads/1/0/1/2/101280322/paper_gendergappdf.pdf.

Faber et al. (2020). "Unions and Inequality Over The Twentieth Century: New Evidence from Survey Data." *Working Paper*. https://scholar.princeton.edu/sites/default/files/kuziemko/files/unions_1october2020.pdf.

Feigenbaum, Hertel-Fernandez, & Williamson (2019). "From the Bargaining Table to the Ballot Box: Political Effects of Right to Work Laws." *NBER Working Paper No. 24259.* https://www.nber.org/papers/w24259.

Mandated Benefits

Buchmueller, DiNardo, & Valletta (2011). "The Effect of an Employer Health Insurance Mandate on Health Insurance Coverage and the Demand for Labor: Evidence from Hawaii." *American Economic Journal: Economic Policy*, 3. https://www.aeaweb.org/articles?id=10.1257/pol.3.4.25.

Bana, Bedard, & Rossin-Slater (2020). "The Impacts of Paid Family Leave Benefits: Regression Kink Evidence from California Administrative Data." *Journal of Policy*

Analysis and Management, 39(4). https://onlinelibrary.wiley.com/doi/abs/10.1002/pam.22242.

Pichler & Ziebarth (2020). "Labor Market Effects of U.S. Sick Pay Mandates." *Journal of Human Resources*, 55(2). http://jhr.uwpress.org/content/55/2/611.abstract?sid=a306785e-ecec-416c-8bca-34eb049dc672.

Incarceration

Kling (2006). "Incarceration Length, Employment and Earnings." *American Economic Review*, 96(3). https://www.aeaweb.org/articles?id=10.1257/aer.96.3.863.

Aizer & Doyle (2015). "Juvenile Incarceration, Human Capital, and Future Crime: Evidence from Randomly Assigned Judges." *Quarterly Journal of Economics*, 130(2). https://academic.oup.com/qje/article-abstract/130/2/759/2330376.

Mueller-Smith (2015). "The Criminal and Labor Market Impacts of Incarceration." Working Paper. https://sites.lsa.umich.edu/mgms/wp-content/uploads/sites/283/2015/09/incar.pdf.

Human Capital

Overview

Gunderson & Oreopoulos (2010). "Returns to Education in Developed Countries". *Economics of Education*. https://oreopoulos.faculty.economics.utoronto.ca/wp-content/uploads/2014/03/Economics-of-Education-Returns-to-Education-in-Developed-Countries-Part-1.pdf.

Oreopoulos & Petronijevic (2013). "Making College Worth It: A Review of the Returns to Higher Education". *The Future of Children*, 23(1). https://oreopoulos.faculty.economics.utoronto.ca/wp-content/uploads/2014/08/23_01_03.pdf.

Shambaugh, Bauer, & Breitwiser (2018). "Returning to Education: The Hamilton Project on Human Capital and Wages". *The Hamilton Project*. https://www.hamiltonproject.org/assets/files/returning_to_education_hamilton_project_human_capital_wages.pdf.

Signaling vs. Skills

Pischke (2007). "The Impact of Length of the School Year on Student Performance and Earnings: Evidence From the German Short School Years". *The Economic Journal*, 117(523). https://onlinelibrary.wiley.com/doi/abs/10.1111/j.1468-0297.2007.02080.x.

Arteaga (2018). "The effect of human capital on earnings: Evidence from a reform at Colombia's top university". *Journal of Public Economics*, 157. https://www.sciencedirect.com/science/article/abs/pii/S0047272717301809.

Goodman (2019). "The Labor of Division: Returns to Compulsory High School Math". *Journal of Labor Economics*, 37(4).

https://www.journals.uchicago.edu/doi/10.1086/703135

Effects of Increased K-12 School Spending

Jackson (2018). "Does School Spending Matter? The New Literature on an Old Question". *NBER Working Paper No. 25368*.

https://www.nber.org/system/files/working_papers/w25368/w25368.pdf

Lafortune, Rothstein, & Schazenbach (2018). "School Finance Reform and the Distribution of Student Achievement." *American Economic Journal: Applied Economics*, 10(2). https://www.aeaweb.org/articles?id=10.1257/app.20160567.

Abott et al. (2020). "School district operational spending and student outcomes: Evidence from tax elections in seven states." *Journal of Public Economics*, 183. https://www.sciencedirect.com/science/article/abs/pii/S0047272720300062.

"Free College" Policies & Programs

Bartik, Hershbein, & Lachowska (2019). "The Effects of the Kalamazoo Promise Scholarship on College Enrollment and Completion". *Journal of Human Resources*, forthcoming. http://jhr.uwpress.org/content/early/2019/05/01/jhr.56.1.0416-7824R4.abstract.

Gurantz (2019). "What Does Free Community College Buy? Early Impacts from the Oregon Promise." *Journal of Policy Analysis and Management*, 39(1). https://ogurantz.github.io/website/Gurantz_JPAM_OregonPromise.pdf.

Dynarski et al. (2020). "Closing the Gap: The Effect of Reducing Complexity and Uncertainty in College Pricing on the Choices of Low-Income Students." *American Economic Review*, forthcoming.

https://stephanieowen.github.io/Dynarski Libassi Michelmore Owen HAIL.pdf.

Discrimination & Inequality

Overview

Bertrand & Mullainathan (2004). "Are Emily and Greg More Employable than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination." *American Economic Review*, 94(4). https://www.aeaweb.org/articles?id=10.1257/0002828042002561.

Neumark (2018). "Experimental Research on Labor Market Discrimination." *Journal of Economic Literature*, 56(3).

http://www.economics.uci.edu/~dneumark/Neumark%20JEL%202018.pdf.

Determinants of the Gender Wage Gap

Blau & Kahn (2017). "The Gender Wage Gap: Extent, Trends, and Explanations." *Journal of Economic Perspectives*, 55(3).

https://www.aeaweb.org/articles?id=10.1257/jel.20160995.

Goldin (2015). "Hours Flexibility and the Gender Gap in Pay." *Center for American Progress*. https://scholar.harvard.edu/files/goldin/files/goldin equalpay-cap.pdf.

Kleven et al. (2019). "Child Penalties across Countries: Evidence and Explanations". *AEA Papers and Proceedings*, 109.

https://www.aeaweb.org/articles?id=10.1257/pandp.20191078.

Racial Inequality in the U.S.

Anant (2011). "The Wrong Side(s) of the Tracks: The Causal Effects of Racial Segregation on Urban Poverty and Inequality". *American Economic Journal: Applied Economics*, 3(2). https://www.aeaweb.org/articles?id=10.1257/app.3.2.34.

Bleemer (2020). "Affirmative Action, Mismatch, and Economic Mobility after California's Proposition 209". *Working Paper*. http://zacharybleemer.com/wp-content/uploads/2020/08/AA_Mismatch_Paper.pdf.

Chetty et al. (2020). "Race and Economic Opportunity in the United States: an Intergenerational Perspective". *Quarterly Journal of Economics*, 135(2). https://academic.oup.com/qje/article/135/2/711/5687353.

LGBTQ Discrimination & Policies

Antecol, Jong, & Steinberger (2008). "The Sexual Orientation Wage Gap: The Role of Occupational Sorting and Human Capital." *Industrial & Labor Relations Review*, 61(4). https://journals.sagepub.com/doi/10.1177/001979390806100405.

Tilcsik (2011). "Pride and Prejudice: Employment Discrimination against Openly Gay Men in the United States." *American Journal of Sociology*, 117(2). https://www.jstor.org/stable/10.1086/661653.

Sansone (2019). "Pink work: Same-sex marriage, employment, and discrimination." *Journal of Public Economics*, 180.

https://www.sciencedirect.com/science/article/abs/pii/S0047272719301471.