

Econ 881
Labor Economics II

Instructor:	Jane Fruehwirth	Office:	206 Gardner Hall
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Location:	Dey Hall 202	Office hours:	2:30-3:30 Wednesday and 3:30-4:30 Tuesday

Overview

This course will help students learn the process of doing research and will cover a range of topics in labor economics, including social interactions, economics of education, early childhood intervention, and discrimination. There will be a heavy emphasis on how economic theory and econometric methods can be used to infer causal, policy-relevant parameters.

Aims

- To introduce students to the process of doing research
- To develop an understanding of how data can be used to test economic theory, and how economic theory can be used to interpret data, focusing on identification of policy-relevant parameters
- To illustrate how microeconomics can be applied to a range of real world problems
- To develop skills for critically evaluating research, to help distinguish elements of “good” research and develop an understanding of the limitations of a range of approaches

To these aims, (1) we will critically discuss a number of papers in the field that illustrate a variety of approaches to tackling important questions and illustrate pitfalls of empirical research and (2) students will work in teams to develop a research proposal and engage actively in doing research. To provide a unified focus for the class, research proposals will be written in the areas of non cognitive skills and/or mental health. Potential topics will be discussed early in class. Every few classes during the semester will be dedicated to group discussions around the progress on these proposals and the process of doing research (see tentative timeline below).

Assignments with weights and tentative due dates

Please submit these assignments through Sakai and bring hard copy to class to turn in to me.

1. *Motivation (4%)*: 2 paragraphs motivating your questions and its importance. This should include a clear statement of the question. Come to class ready to discuss. Due Sept 3
2. *Related Literature (4%)*: This should include a focal paper (or papers) that you plan to use as a model for your paper and how your work relates. Come to class ready to discuss. Due Sept 17
3. *Data (4%)*: Summary statistics of key variables and one descriptive table that provides insight into your question of interest. Come to class ready to discuss. Due Oct 1

4. *Empirical Model* (4%): Write down your empirical equation. Explain how you identify your causal effect of interest and potential confounders. What is your estimation strategy? Come to class ready to discuss. Due Oct 15
5. *Preliminary Results* (4%): Provide preliminary regression estimates for your question of interest. Come to class ready to discuss. Due Oct 29.
6. *Research proposal for peer review* (20%) due Nov 14 (see below for more details)
7. *Final research proposal* (30%) due Dec 11 (see below for more details)
8. *Class Participation* (30%)

Research proposal for peer review: This will be due on **November 14**. This proposal should be about 12-15 pages long and it should include:

- Introduction
- Motivation for your research and why you think that your research is a contribution.
- An extensive literature review.
- The theoretical model in your thesis
- The empirical model for your thesis
- Describe the data set that you will use.
- Provide and analyze the summary statistics.
- Define the econometric procedure that you will follow.
- Provide preliminary estimate of your model.
- Include a detailed bibliography.

The proposal will be reviewed by one of your classmates.

Each of you will provide detailed written comments to another student's proposal, and the review will be due on **November 21**. We will devote a class on the 21st to discussing comments.

Final version of research proposal is due on **December 11**.

Classroom Participation

Participation is critical for the success of the class. I expect you to come to each class having read the papers and prepared to discuss them. The more ready and willing you are to ask questions, the more you will learn.

To facilitate this, you will do a **summary** of each paper we discuss in class by providing a brief (1 to 2 sentence) responses to each of questions 1 to 5 of the guidelines for reading papers (described at the end of the syllabus), along with 1 critique and at least 1 question. These should be uploaded to Sakai prior to class. Please also **bring a printed copy of the paper to class**. Being prepared for class, completion of paper summaries, classroom attendance and participation will all be factored into the final participation grade.

Use of Laptops

To minimize distractions and keep the environment as interactive as possible, I ask that you do not use a laptop during class and that you turn off iPhones and other electronic devices.

Honor Code

It is expected that you have read, understand and abide by UNC's honor code (<http://honor.unc.edu/>).

Topic		Assignment Due
8/20	Introductions	
8/22	Todd, P. E. and Wolpin, K. I. (2003) 'On the specification and estimation of the production function for cognitive achievement', <i>Economic Journal</i> 113(485), F3–F33.	
8/27	Cunha, Flavio, and James J. Heckman. 2008. "Formulating, Identifying and Estimating the Technology of Cognitive and Noncognitive Skill Formation." <i>Journal of Human Resources</i> , 43(4): 738–82.	
8/29	C&H, tbc	
9/3	Group discussion	Motivation
9/5	Andrabi, T., J. Das, A. Ijaz Khwaja, and T. Zajonc (2011, July). Do Value-Added Estimates Add Value? Accounting for Learning Dynamics. <i>American Economic Journal. Applied Economics</i> 3(3), 29–54.	
9/10	Jens Ludwig & Douglas L Miller, 2007. "Does Head Start Improve Children's Life Chances? Evidence from a Regression Discontinuity Design," <i>The Quarterly Journal of Economics</i> , vol. 122(1), pages 159-208, 02.	
9/12	Currie, Janet & Thomas, Duncan, 1995. "Does Head Start Make a Difference?," <i>American Economic Review</i> , vol. 85(3), pages 341-64, June.	
9/17	Group discussion	Related Literature
9/19	Caetano, G., J. Kinsler and H. Teng (2017) "Towards Causal Estimates of Children's Time Allocation on Skill Development", working paper.	
9/24	Chetty, R, J. Friedman and J. Rockoff (2014) Measuring the Impacts of Teachers I: Evaluating Bias in Teacher Value-Added Estimates, <i>American Economic Review</i> 104(9): 2593-2632.	
9/26	Guarino, C. M. Reckase and J. Wooldridge (2015) "Can value-added measures of teacher performance be trusted?" <i>Education Finance and Policy</i> , 10(1)	
10/1	Group discussion	Data

Topic		Assignment Due
10/3	Fryer, R. G. and S. Levitt (2004) "Understanding the black-white test score gap in the first two years of school," <i>The Review of Economics and Statistics</i> , 86(2): 447-464.	
10/8	Bond and Lang (2012) "The Evolution of the Black-White Test Score Gap in Grades K-3: The Fragility of Results", <i>The Review of Economics and Statistics</i> , 95(5):1468-1479	
10/10	Manski, C. (1993), 'Identification of endogenous social effects: The reflection problem', <i>The Review of Economic Studies</i> , 60(3): 531–542.	
10/15	Group discussion	Empirical Model
10/22	Brock, W. A. and Durlauf, S. N. (2001a), 'Discrete choice with social interactions', <i>The Review of Economic Studies</i> 68(2): 235–260.	
10/24	Lavy and Schlosser (2011) "Mechanisms and Impacts of Gender Peer Effects at School", <i>AEJ: Applied Economics</i> , April.	
10/29	Group discussion	Preliminary Results
10/31	Bramouille, Y., H. Djebbari, and B. Fortin (2009, May). Identification of peer effects through social networks. <i>Journal of Econometrics</i> 150(1), 41–55.	
11/5	Katz, Lawrence E., Jeffrey R. Kling and Jeffrey B. Liebman (2001) "Moving to Opportunity in Boston: Early Results of a Randomized Mobility Experiment", <i>Quarterly Journal of Economics</i> 116 (May 2001), 607-54.	
11/7	Check-ins on project	
11/12	Knowles, J., N. Persico, and P. Todd, (2001), "Racial Bias in Motor Vehicle Searches: Theory and Evidence," <i>Journal of Political Economy</i> , 109, 1, 203-229.	
11/14	Anwar, S. and H. Fang, (2006), "An Alternative Test of Racial Prejudice in Motor Vehicle Searches: Theory and Evidence, <i>American Economic Review</i> , 96, 1, 127-151	Proposal for peer review

Topic		Assignment Due
11/19	Neal, Derek A & Johnson, William R (1996) "The Role of Premarket Factors in Black-White Wage Differences," <i>Journal of Political Economy</i> , vol. 104(5), pages 869-95, October.	
11/21	Peer review class	Peer review comments
11/26	Joseph G. Altonji & Charles R. Pierret (2001) "Employer Learning And Statistical Discrimination," <i>The Quarterly Journal of Economics</i> , MIT Press, vol. 116(1), pages 313-350, February.	
12/3	Bertrand, M. and S. Mullainathan (2004) "Are Emily and Greg More Employable Than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination," <i>American Economic Review</i> , 94(4): 991-1013.	
12/11	No class	Proposal due

Some Helpful Guidelines for Reading Papers

The first set of questions are geared toward helping you to make sure you have understood the main part of the paper. A good introduction should hit most (often all) of these points.

1. What is the primary question/issue/hypothesis that the author wanted to address?
2. Why is the question interesting or important? (This often includes a description of how the paper contributes to the literature)
3. What data does the author use (if empirical paper)?
4. Give an intuitive description of the author's test or model. (This is absolutely key to making sure you've understood the paper. If the details of the model are confusing, take a step back and try to think about the underlying intuition.)
5. What are the author's findings or conclusions?

The second set of questions may help you to think critically about the paper.

6. Did you find the question interesting and relevant?
7. Are you convinced by the author's results/arguments? Why or why not?
8. Did they identify the effect they claimed to identify? Why or why not?
9. Did the results obtained justify the interpretation and conclusions? (Often this may include concerns about external validity or heterogeneous treatment effects)
10. Were the findings well supported by economic theory? In the cases where the paper does not have a clear theoretical model, do you think a model would have been helpful or that the lack thereof might lead to erroneous conclusions?