LABOR ECONOMICS 250A
SYLLABUS
Empirical Methods in Labor Economics
UCSD
Fall 2013

Professors Kate Antonovics, Eli Berman, Julian Betts, and Gordon Dahl

Location: SSB 107

Time: Thursday, 2:00 – 4:50 pm

Overview: This first of three graduate labor courses focuses on the empirical methods used in labor (and other applied microeconomics fields). The course is designed to prepare you to read and evaluate empirical work in the other two graduate labor courses, 250B and 250C. However, the toolkit presented in this course will be useful for research in all areas of applied microeconomics and empirical Social Science.

This course is intended to be both more and less than a course in applied econometrics. It is “less” in that we will not concentrate heavily on deriving properties of estimators. Instead, we will focus on presenting a practical guide to the key advantages and disadvantages of each technique in estimation. It is “more” than a course in applied econometrics in that, for each technique, we will study empirical examples in considerable detail. In this way, the course also will provide an introduction to many different areas of research in labor economics, which has historically been a font of innovation in applied econometrics.

9/26, 10/3, 10/10
Betts will begin with an introductory lecture that summarizes some of the main problems affecting empirical work, such as omitted variable bias, selectivity bias, endogeneity bias and measurement error. He will then over 2.5 lectures cover corrections for selectivity bias and clustering.

10/17, 10/24
Antonovics will then discuss the strengths and weaknesses of employing social experiments to identify causal parameters. In addition, Antonovics will cover the use of fixed effects and difference-in-difference methods.

10/31, 11/7
Dahl will discuss the use of control function, propensity score, and regression discontinuity methods, outlining the assumptions, data requirements, and advantages of each method.

11/14, 11/21
Berman will discuss experimental design, instrumental variables, and measurement error.

12/5
Students will present their empirical work (which is due Monday 12/9). We request that you email all professors a copy and also put one hardcopy in the assigned professor’s mailbox.
Evaluation and Course Requirements:

Very Short Paper. A five page paper (double-spaced, 11 point font) in which you will be required to engage a data set of your choosing. It will be marked on the econometric method alone, with no marks deducted for even the most ludicrous economic analysis; so feel free to have fun. On the other hand, you will spend many intimate hours with this project, so you may as well construct it in a way that will be interesting for you and your team.

This assignment must be completed in groups of three students.

Submit an outline of the dataset your group will use and the question you will study, as well as the names of group members, in class on Thursday, October 3.

Submit a table of means and related information, in a format to be explained in the first lecture, in class, on Thursday, October 10. 5 points

Turn in a rough draft as a hard copy in class on Thursday, October 31. 5 points

We will assign a peer to peer partner group to review your presentation. 5 points (points assigned for providing peers with useful comments)

VSP will be presented on Thursday, Dec 5 in class. 5 points

Turn in the final draft as a hard copy on Monday, December 9 to your assigned professor’s mailbox in the EC 207 (by 5pm). 20 points

TOTAL POINTS FOR PAPER AND PRESENTATION 40 POINTS

2. Comprehensive final exam, Thursday, December 12, 3-6:00 pm. 50 POINTS

3. Class participation 10 POINTS

TOTAL POINTS IN COURSE 100 POINTS
Office Hours and Teaching Assistants

Each professor will hold office hours during the weeks he or she is teaching and will be available for meetings outside those weeks.

Betts’ office hours will be Wednesdays 3:30-4:30 10/2, 10/9 and 10/16.

Students can make appointments with an individual professor outside professors’ “teaching weeks” by sending an email to the relevant professor:

Julian Betts  jbetts@ucsd.edu
Kate Antonovics  kantonov@ucsd.edu
Eli Berman  elib@ucsd.edu
Gordon Dahl  gdao@ucsd.edu

Teaching Assistants

We will have two Teaching Assistants for the course, Denise Clayton and Claudio Labanca.

deniseclayton@gmail.com
and
claudio.labanca@gmail.com

They will both both hold 1 office hour a week.
Denise: Wednesdays from 11-noon in Econ 117,
Claudio: After class on Thursdays, 5-6pm, in Sequoyah Hall 140.
Students can use this time to get help with old exams, material from class, or their VSPs.

The TA’s will have a discussion section each week. Denise will be teaching 6 of them, Claudio will be teaching 3. The weeks Denise teaches, she will review the concepts presented in class, with an emphasis on the basics. The weeks Claudio teaches, he will cover old exam questions related to the material the professors have just finished covering. The idea is that students with a more background in taking econometrics courses may elect to come to section just the weeks Claudio teaches to get review for the final exam, and students who need more help can come every week if they want. Since Claudio will be attending lectures, he will be there on the first day to schedule the day and time for section with the students.

Here is the schedule:

Week 1 (week of Sept 30-Oct 4): Denise
Week 2: Denise
Week 3: Claudio
Week 4: Denise
Week 5: Denise
Week 6: Claudio
Week 7: Denise
Week 8: Denise
Week 9: No section, Thanksgiving
Week 10: Claudio
Reading List

Introduction to the Central Problems of Omitted Variable Bias, Self-Selection, Endogeneity and Measurement Error


BETTS SECTION

Note: This list is short but REQUIRED - you will be expected to read these papers.

Selectivity Correction

Clustered Standard Errors

ANTONOVICS SECTION

This list is subject to change . . .

Social Experiments

Difference-in-Difference Models

Fixed Effects


Ashenfelter, Orley and Alan Krueger (1994), "Estimates of the Economic Return to Schooling from a New Sample of Twins", *American Economic Review* (December). (Note: This paper uses both instrumental variables and fixed effects. IV methods will be covered in greater detail in section 9 of the course.)


Light, Audrey (1995), "The Effects of Interrupted Schooling on Wages", *Journal of Human Resources* (Summer)
DAHL SECTION

Note: This list is preliminary and subject to change.

Propensity Score Matching

Control Function


Regression Discontinuity
BERMAN SECTION

Causal Inference and Experiments
Just master the notation and concept

Examples of Experiments (skim these):

Instrumental Variable (IV) Method
Imbens, Guido, and Jeffrey Wooldridge “Weak Instruments and Many Instruments”

Measurement Error and other Data Issues