Research Topics in Labor Economics
Second part - Syllabus

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Overview

Labor economics has been an important discipline in terms of applying and developing empirical techniques for causal inference. Such empirical techniques are indeed crucial for two reasons: they allow to properly evaluate labor market policies, and they also allow to test given assumptions derived from theoretical models of the labor market. For this reason, the second part of the course focuses on these empirical methods and their application to a selection of core topics often studied by labor economists. This part of the course allows students to understand, critically discuss and replicate the empirical analysis of research papers in the field of labor economics. It provides several hands-on examples using the statistical software Stata. Installation of Stata on the students' PC is highly recommended for this part of the course.

To install Stata, students can request the software by opening a ticket on UNITO's Service Desk system. More information can be found at this link:
https://www.unito.it/servizi/servizi-line/licenze-software-campus-di-ateneo

It is also advised to regularly check the program material on Moodle, as its content will be updated and new materials will be uploaded as classes progress.

Exam

The exam consists of two parts. The first part is a presentation of a research paper published in the field of labor economics (a list of papers to choose from will be provided). The presentation should be about 15 minutes long, and it should briefly summarize the research question, the estimation strategy and its main assumptions, and the results of the paper. The second part of the exam will be a problem set based on a Stata application. Students will be asked to interpret and critically disscuss the findings obtained from a Stata code concerning an empirical analysis of a labor market policy.

Suggested readings (for recap on Stata and econometrics)

J.D. Angrist and J.S. Pischke, Mostly Harmless Econometrics: An Empiricist's Companion, Princeton University Press, 2009. Hereafter MHE.

A. Colin Cameron, Pravin K. Trivedi: Microeconometrics Using Stata, Stata Press, 2010.

Stock, James H., and Mark W. Watson. Introduction to econometrics. Pearson, 2020.

Detailed content of the classes

1. *Review of STATA and basic methods of data analysis*

        Material: lecture notes and Stata examples provided on Moodle

2. *Review of regression analysis, non-linear specifications and panel data models*

        Material: lecture notes and Stata examples provided on Moodle

3. *Randomized controlled trials*

        Material: lecture notes and Stata examples provided on Moodle
                                MHE ch.2
                                LaLonde, R. J. (1986). Evaluating the econometric evaluations of training programs with experimental data. The American economic review, 604-620.

4. *IV methods*

        Material: Lecture notes and Stata examples provided on Moodle
                                MHE ch. 4
                                Angrist, Krueger (1991) Does compulsory school attendance affect schooling and earnings?, Quarterly Journal of Economics, 106(4), 979-1014.

5. *Regression discontinuity designs*

        Material: Lecture notes and Stata examples provided on Moodle
                                  MHE ch.6
                                Lalive, R. (2008) How do extended benefits affect unemployment duration? A regression discontinuity approach, Journal of Econometrics, 142, 785–806.

6. *Diff-in-diff strategies*

        Material: Lecture notes and Stata examples provided on Moodle
                                  MHE ch 5
                                Card, David, and Alan Krueger. "Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania." American Economic Review 84, no. 4 (1994): 773-93.
                                Draca, Mirko, Stephen Machin, and John Van Reenen. "Minimum wages and firm profitability." American economic journal: applied economics 3, no. 1 (2011): 129-51.