MRes Applied Economics (EC 9B2)

Assessment:

1) Midterm: each midterms counts 12.5% of the final mark.
2) Written examination in May (worth 50% of the final mark).

Readings:

Readings are mainly from journal articles. In addition to that the following books are a useful reference for most of the topics covered:

Cahuc, Pierre and Andre Zylberberg (2004), *Labor Economics,* MIT Press.

Angrist and Pischke (2009) *Mostly Harmless Econometrics*, Princeton University Press, Princeton and Oxford (to refresh your knowledge of applied econometrics)

References:

Required readings are essential readings that everybody should read. Additional readings are for further reference and for learning more on a particular topic. Additional readings will not be examined.

Week 1: Human Capital

Required Readings:

*Ashenfelter, O. and C. Rouse (1998) "Income, Schooling, and Ability: Evidence from a new Sample of Identical Twins", *The Quarterly Journal of Economics*, vol.113, no. 1, pp. 253-284.h
http://www.mitpressjournals.org/doi/pdfplus/10.1162/003355398555577

*Angrist, J. and A.B.Krueger (1991) "Does Compulsory School Attendance Affect Schooling And Earnings?", *The Quarterly Journal of Economics*, vol. 106, no. 4, pp. 979-1014.
http://www.jstor.org/stable/2937954

Card, D (1995) "Using Geographic Variation in College Proximity to Estimate the Return to Schooling", In L.N. Christofides, E.K. Grant, and R. Swidinsky, editors, *Aspects of Labor Market Behaviour: Essays in Honour of John Vanderkamp*, University of Toronto Press, Toronto.
http://emlab.berkeley.edu/users/card/papers/geo_var_schooling.pdf

*Card, D. "The Causal Effect of Education on Earnings", *Handbook of Labour Economics*, vol. 3, Chapter 30, eds. O. Ashenfelter and D. Card.
http://emlab.berkeley.edu/~card/papers/causal_educ_earnings.pdf

Additional Readings:

Weak Instruments:

Bound, J., D.A. Jaeger, R. M. Baker (1995) "Problems with Instrumental Variables Estimation When the Correlation Between the Instruments and the Endogeneous Explanatory Variable is Weak", *Journal of the American Statistical Association*, vol.90, no. 430, pp. 443-450.

A very nice discussion of issues in returns to education estimates:

Griliches, Z. (1977) "Estimating the Returns to Schooling: Some Econometric Problems", *Econometrica*, vol. 45, no. 1, pp.1-22
http://www.jstor.org/stable/pdfplus/1913285.pdf

Revision of IV:
Angrist and Pischke (2009) *Mostly Harmless Econometrics*, Chapter 4.

Returns to Education in the UK:
A lively discussion with estimates ranging between close to 0 and 15%.
Oreopoulos, P. (2006), "Estimating Average and Local Average Treatment Effects of Education When Compulsory Schooling Laws Really Matter, *American Economic Review*, vol. 96, pp. 152-175.

Oreopoulos, P. (2008), "Estimating Average and Local Average Treatment Effects of Education When Compulsory Schooling Laws Really Matter: Corrigendum", *American Economic Review*.

Devereux, P.J. and R.A. Hart (2010) "Forced to be Rich? Returns to Compulsory Schooling in Britain", *Economic Journal.*

Week 2: Signaling/Training
Required Readings:
Signaling:
*Tyler, J., R. Murnane, J. Willet (2000) "Estimating the Signaling Value of the GED", *The Quarterly Journal of Economics*, vol. 115, no.2, pp. 431-468.
http://www.jstor.org/stable/pdfplus/2586999.pdf

On the Job Training:
*Acemoglu, D. and J.-S. Pischke (1998) "Why Do Firms Train? Theory and Evidence", *The Quarterly Journal of Economics*, vol. 113, no. 1, pp. 79-119.
http://www.mitpressjournals.org/doi/pdf/10.1162/003355398555531

*Jacobson, L., R. LaLonde, D. Sullivan (1993) "Earnings Losses of Displaced Workers", *The American Economic Review*, vol. 83., no. 4, pp. 685-709.
http://www.jstor.org/page/termsConfirm.jsp?redirectUri=/stable/pdfplus/2117574.pdf

Additional Reading:s:
Clark, D. and Martorell, P. (2014) "The Signaling Value of a High School Diploma", *Journal of Political Economy*, vol. 122, no. 2, pp. 282-318

Lang, K. And D. Kropp (1986) "Human Capital Versus Sorting: The Effects of Compulsory Attendance Laws", *The Quarterly Journal of Economics*, vol. 101, no.3, pp. 609-624.
http://faculty.smu.edu/millimet/classes/eco7321/papers/lang%20kropp.pdf

Week 3: The Education Production Function and School Quality
Required Readings:
Krueger, A. "Experimental Estimates of Education Production Functions", *The Quarterly Journal of Economics*, vol. 114, no. 2, pp. 497-532.
http://www.jstor.org/stable/2587015?origin=JSTOR-pdf

Angrist, J. And V. Lavy (1999) "Using Maimonides Rule to Estimate the Effect of Class Size on Scholastic Achivement", *The Quarterly Journal of Economics*, vol. 114, no. 2, pp. 533-575.
http://www.mitpressjournals.org/doi/abs/10.1162/003355399556061

Rothstein, J (2010) "Teacher Quality in Educational Production: Tracking, Decay, and Student Achievement", *The Quarterly Journal of Economics*, vol. 125, no.1. pp. 175-214.

Rivkin, S., E. Hanushek, J. Kain "Teachers, Schools, and Academic Achievement", *Econometrica,* vol. 73, no. 2, pp. 417-458.
http://hanushek.stanford.edu/sites/default/files/publications/Rivkin%2BHanushek%2BKain%202005%20Ecta%2073%282%29.pdf

Chetty, R., Friedman, J., Rockoff, J. (2014) "Measuring the Impacts of Teachers I: Evaluating Bias in Teacher Value-Added Estimates", *American Economic Review*, vol. 104, no. 9, pp. 2593-2632.
http://obs.rc.fas.harvard.edu/chetty/w19423.pdf

Waldinger, F. (2010) "Quality Matters: The Expulsion of Professors and the Consequences for Ph.D. Student Outcomes in Nazi Germany" *Journal of Political Economy*, vol. 118, no. 4, pp. 787-831.
http://www2.warwick.ac.uk/fac/soc/economics/staff/ffwaldinger/research/mathematics_phds_jpe_final.pdf

Additional Readings:
Education Production Function:
Todd, P. and K. Wolpin (2003) "On the Specification and Estimation of the Production Function for Cognitive Achievement", *The Economic Journal*, vol. 113, F3-F33.

Review of RD:
Angrist and Pischke (2009) *Mostly Harmless Econometrics*, Chapter 6

Week 4: Migration
Required Readings:
The Migration Decision:
Borjas, G. (1987) "Self-Selection and the Earnings of Immigrants", *The American Economic Review*, vol. 77, no. 4, pp. 531-553.
http://www.jstor.org/pss/1814529

Chiquiar, D. and G. H. Hanson (2005) "International Migration, Self-Selection, and the Distribution of Wages: Evidence from Mexico and the United States", *Journal of Political Economy*, vol. 113, no. 2, pp. 239-281.
http://www.jstor.org/pss/10.1086/427464

Fernandez-Huertas J. (2011) "New Evidence on Emigrant Selection", *Review of Economics and* Statistics, vol. 93, no. 1, pp. 72-96
http://0www.mitpressjournals.org.pugwash.lib.warwick.ac.uk/doi/pdfplus/10.1162/REST_a_00050

The Effect of Migrants on Natives:
Card, D. (1990) "The Impact of the Mariel Boatlift on the Miami Labor Market", *Industrial and Labor Relations Review*, vol. 43, no. 2, pp. 245-257.
http://emlab.berkeley.edu/users/card/papers/mariel-impact.pdf

Friedberg, R. (2001) "The Impact of Mass Migration on the Israeli Labor Market", *The Quarterly Journal of Economics,* vol. 116, no.4, pp. 1373-1408.
http://www.jstor.org/stable/pdfplus/2696462.pdf

Borjas, G. (2003) "The Labor Demand Curve Is Downward Sloping: Reexamining the Impact of Immigration on the Labor Market", *The Quarterly Journal of Economics*, vol. 118., no. 4, pp. 1335-1374.
http://www.hks.harvard.edu/fs/gborjas/Papers/QJE2003.pdf

The Effect of High-Skilled Migrants on Native Innovation:
Moser, P., A. Voena and F. Waldinger (2014) "German Jewish Émigrés and U.S. Invention", *American Economic Review*

Additional Readings:
Card, D. and J. DiNardo (2000) "Do Immigrant Inflows Lead to Native Outflows?", *The American Economic Review Papers and Proceedings*, vol. 90, no. 2, pp. 360-367.
http://emlab.berkeley.edu/users/card/papers/do-immig.pdf

Angrist, J. and A. Krueger (2000) "Empirical Strategies in Labor Economics", in O. Ashenfelter & D. Card (eds.), *Handbook of Labor Economics*, edition 1, volume 3, chapter 23, pp. 1277-1366, Elsevier.
http://www.irs.princeton.edu/pubs/pdfs/401.pdf

Borjas, G. and K. Doran (2012) "The Collapse of the Soviet Union and the Productivity of American Mathematicians", *Quarterly Journal of Economics*, vol. pp. 1143-1203.

Week 5: Peer Effects among High-Skilled and Local Productivity Spillovers
Required Readings:
Mas, Alexandre and Enrico Moretti (2009) "Peers at Work", The American Economic Review, vol. 99, no. 1.

Bandiera, Oriana, Iwan Barankay, Imran Rasul (2010) "Social Incentives in the Work-place", The Review of Economic Studies, vol. 77, no. 2.

Waldinger, Fabian (2012) "Peer Effects in Science: Evidence from the Dismissal of Scientists in Nazi Germany", *Review of Economic Studies*, vol. 79, no. 2, pp. 838-861.

Borjas, G. and K. Doran (2012) "The Collapse of the Soviet Union and the Productivity of American Mathematicians", *Quarterly Journal of Economics*, vol. pp. 1143-1203.

Ellison, Glenn, Edward L. Glaeser, and William R. Kerr (2010) "What Causes Industry Agglomeration? Evidence from Coagglomeration Patterns", *American Economic Review*, vol. 100,(June), pp. 1195–1213

Greenstone Michael, Richard Hornbeck, and Enrico Moretti (2010) "Identifying Agglomeration Spillovers: Evidence from Winners and Losers of Large Plant Openings", *Journal of Political Economy*, vol. 118, no. 3.

Bloom, Nicholas, Mark Schankerman, and John Van Reenen (2012) "Identifying technology spillovers and product market rivalry", mimeo Stanford and LSE.

Additional readings:

Moser, P., A. Voena and F. Waldinger (2014) "German Jewish Émigrés and U.S. Invention", *American Economic Review*