

Topics in Labor Economics - ECON 8400-004

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MW 10.15-11.45 in PCPSE 225

This course provides an in-depth analysis of foundational and contemporary research in Labor Economics. The aim is to get familiarized with the key frameworks and methodologies while examining recent advancements and their applications. Through critical analysis of seminal works and recent studies, you will gain the tools to understand, evaluate, and extend existing papers and develop your own research.

Classes consist of a mix of lectures and paper presentations followed by discussions (reading group format).

Note: The schedule and readings may be adjusted to reflect students' interests and the latest research developments. Contact me with any questions and suggestions!

Assessment

- Problem set (25%)
 - Practice implementing structural estimation of a labor supply model in your language of choice.
- Paper presentations and discussion in class (45%)
 - We will present recent papers in class and lead a subsequent discussion (roughly 30 min + 15 min). For this, we will prepare slides summarising research question, methodology, main findings, and contributions, drawing parallels to class material/already discussed papers wherever applicable.
- Research proposal or referee report for a paper of your choice (30%) (any topic/methodology in Labor)
 - Proposals should only be a sketch and describe the research question, methodology + data, main findings, and contributions. Proposals will be presented in class (30 min) to receive feedback.
 - For referee reports, select a recent paper that is published or unpublished. Give a clear, constructive, and critical evaluation of the paper's contribution to the field. Summarize the paper's research question, methodology, main findings, and significance. Assess the originality, relevance, and rigor of the research, identifying strengths and potential contributions to the literature. Point out any limitations, inconsistencies, or areas that require clarification or improvement. Offer constructive and concrete suggestions for how the authors can address these issues.

Topics

1. Numerical Methods and Data
2. Labor Supply Models
 - Static and dynamic labor supply
 - Taxation
3. Fertility and Unitary Household Models
4. Collective Bargaining in the Household
5. Matching
6. Job Search
7. Labor Market Sorting

Reading List and Paper Presentations

2. Labor Supply Models

Presentations:

Blundell, R., Costa Dias, M., Meghir, C., & Shaw, J. (2016). Female labor supply, human capital, and welfare reform. *Econometrica*, 84(5), 1705–1753.

Reading:

Heckman, James J. and Thomas E. MaCurdy (1980), A Life Cycle Model of Female Labour Supply. *The Review of Economic Studies*, 47, 47–74.

MaCurdy, T. E. (1981). An empirical model of labor supply in a life-cycle setting. *Journal of Political Economy*, 89(6), 1059–1085.

Rust, J. (1987). Optimal replacement of GMC bus engines: An empirical model of Harold Zurcher. *Econometrica*, 55(5), 999–1033.

Eckstein, Z. & Wolpin K. I. (1989), Dynamic Labour Force Participation of Married Women and Endogenous Work Experience. *The Review of Economic Studies*, 56, 375–390.

Low, H., Meghir, C., & Pistaferri, L. (2010). Wage risk and employment risk over the life cycle. *American Economic Review*, 100(4), 1432–1467.

Blundell, R. & Shephard, A. (2011), Employment, Hours of Work and the Optimal Taxation of Low-Income Families. *The Review of Economic Studies*, 79, 481–510.

3. Fertility and Unitary Household Models

Presentations:

Adda, J., Dustmann, C., & Stevens, K. (2017). The career costs of children. *Journal of Political Economy*, 125(2), 293–337.

Del Boca, D., Flinn, C., & Wiswall, M. (2014). Household choices and child development. *Review of Economic Studies*, 81(1), 137–185.

Reading:

Bick, A. (2016), The Quantitative Role of Child Care for Female Labor Force Participation and Fertility. *Journal of the European Economic Association*, 14, 639–668.

Kleven, H., Landais, C., & Sjøgaard, J. E. (2019). Children and gender inequality: Evidence from Denmark. *American Economic Journal: Applied Economics*, 11(4), 181–209.

Bang, M. (2022). Job flexibility and household labor supply: Understanding gender gaps and the child wage penalty, *Working paper*.

Wang, H. (2023). Fertility and Family Leave Policies in Germany: Optimal Policy Design in a Dynamic Framework, *Working paper*.

Gayle, George-Levi Gayle, Andrés Hincapié, and Robert A. Miller (2023), Life-Cycle Fertility, Human Capital Accumulation, and the Motherhood Career Penalty. *Working Paper*.

4. Collective Bargaining in the Household

Presentation:

Low, H., Meghir, C., Pistaferri, L. and Voena, A. (2023) “Marriage, labor supply and the dynamics of the social safety net”, *Working Paper*.

Reading:

Chiappori, P.-A. (1992). Collective labor supply and welfare. *Journal of Political Economy*, 100(3), 437–467.

Chiappori, P.-A., Fortin, B., & Lacroix, G. (2002). Marriage market, divorce legislation, and household labor supply. *Journal of Political Economy*, 110(1), 37–72.

Blundell, R., Chiappori, P.-A., Magnac, T., & Meghir, C. (2007). Collective labour supply: Heterogeneity and non-participation. *Review of Economic Studies*, 74(2), 417–445.

Mazzocco, M. (2007). Household Intertemporal Behaviour: A Collective Characterization and a Test of Commitment. *Review of Economic Studies* 74 (3): 857–95.

Voena (2015) A. Yours, Mine, and Ours: Do Divorce Laws Affect the Intertemporal Behavior of Married Couples?, *American Economic Review*, 105(8): 2295–2332.

5. Matching Models

Presentations:

Ciscato, E., Galichon, A. & Goussé, M. (2020), Like Attract Like? A Structural Comparison of Homogamy across Same-Sex and Different-Sex Households”, *Journal of Political Economy*, 128(2), 740-781.

Reading:

Choo, E. and Siow, A. Who Marries Whom and Why, *Journal of Political Economy*, 2006, 114 (1): 175–201.

Dupuy, A., and Galichon, A. Personality Traits and the Marriage Market, *Journal of Political Economy*, 2014, 122 (6): 1271–319.

6. Job Search

Presentations:

Flinn, C., Todd, P. E., & Zhang, W. (Forthcoming). Labor market returns to personality: A job search approach to understanding gender gaps. *Journal of Political Economy*.

Carry, P. (2024). The effects of the legal minimum working time on workers, firms, and the labor market. *Working Paper*

Reading:

Burdett, K., & Mortensen, D. T. (1998). Wage differentials, employer size, and unemployment. *International Economic Review*, 39(2), 257–273.

Cahuc, P., Postel-Vinay, F., & Robin, J.-M. (2006). Wage bargaining with on-the-job search: Theory and evidence. *Econometrica*, 74(2), 323–364.

Postel-Vinay, F., and Robin, J.-M. (2002). Equilibrium Wage Dispersion with Worker and Employer Heterogeneity. *Econometrica* 70 (6): 2295–350.

Schmieder, J. F., von Wachter, T., & Bender, S. (2012). The effects of extended unemployment insurance over the business cycle: Evidence from regression discontinuity estimates over 20 years. *The Quarterly Journal of Economics*, 127(2), 701–752.

Le Barbanchon, T., Rathelot, R., & Roulet, A. (2017). Unemployment insurance and reservation wages: Evidence from administrative data. *Journal of Public Economics*, 148, 1–13.

Nekoei, A., & Weber, A. (2017). Does extending unemployment benefits improve job quality? *American Economic Review*, 107(2), 527–561.

Kroft, K., Lange, F., & Notowidigdo, M. J. (2013). Duration dependence and labor market conditions: Evidence from a field experiment. *The Quarterly Journal of Economics*, 128(3), 1123–1167.

7. Labor Market Sorting

Presentations:

Lentz, R., Piyapromdee, S., & Robin, J.-M. (2023). The anatomy of sorting: Evidence from Danish data. *Econometrica*, 91(6), 2409–2455

Lamadon, T., Lise, J., Meghir, C., & Robin, J.-M. (2024). Labor market matching, wages, and amenities, *Working Paper*.

Reading:

Sorkin, I. (2018). Ranking firms using revealed preference. *The Quarterly Journal of Economics*, 133(3), 1331–1393.

Bonhomme, S., Lamadon, T., & Manresa, E. (2019). A distributional framework for matched employer-employee data. *Econometrica*, 87(3), 699–739.

Bonhomme, S., Lamadon, T., & Manresa, E. (2022). Discretizing unobserved heterogeneity. *Econometrica*, 90(2), 625–660.

Taber, C., & Vejlin, R. (2020). Estimation of a Roy/Search/Compensating Differential Model of the Labor Market. *Econometrica*, 88(3), 1031–1069.

Moser, C., & Morchio, I. (2024). The gender pay gap: Micro sources and macro consequences. *Working Paper*.

Xiao, P. (2024). Equilibrium Sorting and the Gender Wage Gap, *Working Paper*.