

ECON 8006: Thesis Research **(Tuesday 3:30pm – 6:15pm, Zoom platform)**

The main purpose of this course is to equip students with some research skills and experience. The course will first expose students to a wide range of research topics. Guided by the teachers, students will then select a topic for presentation and a short paper. The paper should be a critical comment on a literature or a sub-set of the literature, or a brief empirical analysis of a selected issue.

Evaluation: Attendance & Presentation (35%) and Paper (65%)

Class arrangement:

January 12, 19: Prof. SHI Kang on *Macroeconomics and Chinese Economy*
January 26, February 2: Prof. GUO Naijia on *Structural Labour Economics*
February 9, 23: Prof. Meng Lingsheng on *Reduced Form Labor Economics*
March to April: Each teacher meets with his/her own students
April/ May: Student presentation (20 minutes each)

Topics on *Macroeconomics and Chinese Economy*

- Hsieh, Chang-Tai and Klenow, Peter J. “Misallocation and Manufacturing TFP in China and India”, *Quarterly Journal of Economics*, 2009, 124(4), pp. 1403-1448.
- Song, Zheng, Kjetil Storesletten, and Fabrizio Zilibotti. "Growing Like China." *American Economic Review*, 2011, 101(1): 196–233.
- Jin, Keyu, “Industrial Structure and Financial Capital Flows”, *American Economic Review*, forthcoming, July 2011.
- Wei, Shang-jin and Xiaobo Zhang, “The Competitive Saving Motive: Evidence from Rising Sex Ratios and Savings Rates in China”, *Journal of Political Economy*, forthcoming.
- Ju, Jiandong, Kang Shi, and Shang-jin Wei, “On the Connection between Intra-temporal and Intertemporal Trades”, October 2011, NBER Working Paper No. 17549, forthcoming, *Journal of International Economics*.
- Ju, Jiandong, Kang Shi, and Shang-jin Wei, “Trade Liberalization and Global Current Account Imbalance”, NBER Working Paper No. 18653
- Roads and the Real Exchange Rate, Qinyuan Du, Shang-Jin Wei and Peichu, Xie, 2013, NBER working paper w19291.
- Equilibrium Consequences of Corruption on Firms: Evidence from China's Anti-Corruption Campaign (with Haoyuan Ding, Hanming Fang and Shu Lin), July 2017

Topics on *Structural Labour Economics*

- Imai and Keane, “Intertemporal Labor Supply and Human Capital Accumulation”, *International Economic Review* 2004
- Kean and Wolpin, “The Role of Labor and Marriage Markets, Preference Heterogeneity and the Welfare System on the Life Cycle Decisions of Black,

- Hispanic and White Women”, *International Economic Review* 2010.
- Wolpin and Todd, “Assessing the Impact of a School Subsidy Program in Mexico: Using a Social Experiment to Validate a Behavioral Model of Child Schooling and Fertility”, *American Economic Review* 2006.
 - Blundell and Shephard, “Employment, hours of work and the optimal taxation of low income families”, *Review of Economic Studies* 2012
 - Fang, Keane and Silverman, “Sources of Advantageous Selection: Evidence from the Medigap Insurance Market”, *Journal of Political Economy* 2008
 - Charles, Kerwin and Jonathan Guryan, “Prejudice and Wages: An Empirical Assessment of Becker’s *The Economics of Discrimination*”, *Journal of Political Economy* 2008
 - Lemieux and Thomas, “Increasing Residual Wage Inequality: Composition Effects, Noisy Data, or Rising Demand for Skill?”, *American Economic Review* 2006
 - Autor, Katz, and Kearney, “Trends in U.S. Wage Inequality: Revising the Revisionists”, *The Review of Economics and Statistics* 2008
 - Neal, Derek and William R. Johnson, " The Role of Premarket Factors in Black-White Wage Differences," *Journal of Political Economy*, 104 (5), October 1996, 869-895.
 - Postel-Vinay and Robin, “Equilibrium Wage Dispersion with Worker and Employer Heterogeneity”, *Econometrica* 2002
 - Mortensen, D. T., and C. Pissarides (1994): “Job Creation and Job Destruction in the Theory of Unemployment,” *Review of Economic Studies*, 61(0), 397–415.
 - Shimer, R. (2005): “The Cyclical Behavior of Equilibrium Unemployment and Vacancies,” *The American Economic Review*, 95(1), 25–49.
 - Chiquiar and Hanson “International Migration, Self-Selection, and the Distribution of Wages: Evidence from Mexico and the United States”, *Journal of Political Economy* 2005
 - Gibbons, Katz, Lemieux, and Parent, “Comparative Advantage, Learning and Sectoral Wage Determination”, *Journal of Labor Economics* 2005
 - Borjas, George J. (2003), "The Labor Demand Curve Is Downward Sloping: Reexamining the Impact of Immigration on the Labor Market," *Quarterly Journal of Economics* 118, (4) (November 2003): 1335-1374

Topics on *Reduced Form Labor Economics*

Starred readings in this section will be required, other readings are optional.

Background readings:

J.D. Angrist and J.S. Pischke, *Mostly Harmless Econometrics: An Empiricist's Companion*, Princeton University Press, 2009 (abbrev. as MHE)

This book covers the empirical techniques we will discuss. While the focus is on the econometrics, many of the examples in the book are relevant to the human capital literature.

1. Investment in Schooling and the Earnings Function

Y. Ben-Porath, "The Production of Human Capital Over the Life Cycle," *Journal of Political Economy*, Vol. 75, 1967, 352-365.

J. Mincer, *Schooling, Experience, and Earnings*, New York: NBER, 1974.

2. Returns to Schooling – Regression Control and Measurement Error

*Griliches, Z., "Estimating the Returns to Schooling - Some Econometric Problems," *Econometrica*, vol. 45, January 1977, 1-22

*MHE, sections 3.1 and 3.2

3. Returns to Schooling – Instrumental Variables

*D. Card, "The Causal Effect of Education on Earnings," in *The Handbook of Labor Economics*, volume IIIA, chapter 30

*Angrist, J.D. and A. Krueger, "Does Compulsory Schooling Attendance Affect Schooling and Earnings?," *Quarterly Journal of Economics*, vol. CVI, November 1991, 979-1014

*MHE, sections 4.1, 4.4, 4.5, 4.6.4

J. Bound, D. Jaeger, and R. Baker, "Problems with Instrumental Variables Estimation When the Correlation Between the Instruments and the Endogenous Explanatory Variables is Weak," *Journal of the American Statistical Association*, vol. 90, 1995, 443-450.0

J. Angrist and A. Krueger, "Split-Sample Instrumental Variables Estimates of the Return to Schooling," *Journal of Business and Economic Statistics*, vol 13, April 1995, 225-235.

D. Card, "Using Geographic Variation in College Proximity to Estimate the Return to Schooling," in L. Christophides, K. Grant, and R. Swidinsky, eds., *Aspects of Labor Market Behaviour: Essays in Honour of John Vanderkamp*, Toronto, Canada: University of Toronto Press, 1995, 201-222.

G.W. Imbens and J.D. Angrist, "Identification and Estimation of Local Average Treatment Effects," *Econometrica*, Vol. 62, March 1994, 467-475.

J.D. Angrist, G.W. Imbens, and D. Rubin, "Identification of Causal Effects Using Instrumental Variables," *Journal of the American Statistical Association*, vol. XCI, 1996, 444–455.

P. Oreopoulos, "Estimating Average and Local Average Treatment Effects of Education when Compulsory School Laws Really Matter," *American Economic Review*, Vol. 96, March 2006, 152-175.

P. Devereux and R. Hart, "Forced to be Rich? Returns to Compulsory Schooling in Britain," *Economic Journal*, Vol. 120, December 2010, 1345–1364.

T. Conley, C. Hansen, and P. Rossi, "Plausibly Exogenous," *Review of Economics and Statistics*, Vol. 94, February 2012, 260-272.

4. Returns to Schooling – Fixed Effects

*O. Ashenfelter and A.B. Krueger, "Estimates of the Economic Return to Schooling from a New Sample of Twins," *American Economic Review*, Vol. 84, December 1994, 1157- 1173.

O. Ashenfelter and C. Rouse, "Income, Schooling, and Ability: Evidence from A New Sample of Identical Twins," *Quarterly Journal of Economics*, Vol. 113, February 1998, 253-284.

O. Sandewal, D. Cesarini, and M. Johannesson, "The co-twin methodology and returns to schooling – testing critical a assumption," mimeographed, 2009, LSE

Z. Griliches, "Sibling Models and Data in Economics: Beginnings of a Survey," *Journal of Political Economy*, Vol. 87, October 1979, Part 2: Education and Income Distribution, S37-S64.

J. Bound and G. Solon, "Double trouble: on the value of twins-based estimation of the return to schooling," *Economics of Education Review*, vol. 18, 1999, 169–182.

*MHE, section 5.1

5. Compulsory Schooling Laws – Differences in Differences

*D. Acemoglu and J.D. Angrist, "How Large Are Human-Capital Externalities? Evidence from Compulsory Schooling Laws," *NBER Macroeconomics Annual*, Vol. 15, 2000, 9-59.

P. Oreopolous, "Estimating Average and Local Average Treatment Effects of Education when Compulsory School Laws Really Matter," *American Economic Review*, Vol. 96, March 2006, 152-175.

J.S. Pischke and T. von Wachter, "Zero Returns to Compulsory Schooling in Germany: Evidence and Interpretation," *Review of Economics and Statistics*, vol. 90, August 2008, 592-598.

P. Devereux and R. Hart, "Forced to be Rich? Returns to Compulsory Schooling in Britain," *Economic Journal*, Vol. 120, December 2010, 1345–1364.

*MHE, section 5.2

6. The Signaling Model of Schooling

M. Spence, "Job Market Signalling," *Quarterly Journal of Economics*, vol. 87, 1973, 355-374.

K. Lang and D. Kropp, "Human Capital versus Sorting: The Effects of Compulsory Attendance Laws," *Quarterly Journal of Economics*, vol. 101, August 1986, 609-624.

J. Tyler, R. Murnane, J. B. Willett, "Estimating the Labor Market Signaling Value of the GED," *Quarterly Journal of Economics* vol. 115, May 2000, 431-468.

Y. Rubinstein, "The Use of Inter-States Variation in GED Passing Standards for estimating the Effect of a GED Degree on Labor Market Outcomes of High School Dropouts - A Critique," mimeographed, 2003.

K. Bedard, "Human Capital versus Signalling Models: University Access and High School Dropouts," *Journal of Political Economy* vol.109, August 2001, 749-775.

7. School Resources – Experiments

E.A. Hanushek, "The Economics of Schooling: Production and Efficiency in Public Schools," *Journal of Economic Literature*, Vol. 24, September 1986, 1141-1177.

D. Card and A.B. Krueger, "Does School Quality Matter? Returns to Education and the Characteristics of Public Schools in the United States," *Journal of Political Economy*, Vol. 100, February 1992, 1-40.

*A. B. Krueger, "Experimental Estimates of Education Production Functions," *Quarterly Journal of Economics*, Vol. 114, May 1999, 497-532.

*MHE chapter 2

8. School Resources – Regression Discontinuity Design

*Angrist and Lavy 1999, "Using Maimonides' Rule to Estimate The Effect of Class Size on Scholastic Achievement," *Quarterly Journal of Economics*, Vol. 114, May 1999, 533-575.

*MHE chapter 6
