Working in America

Who works in America? What do they do and how are they paid? What is the role of government policy in the labor market? This course explores many dimensions of the U.S. labor market, from the historic rise of women’s engagement in the workforce to the effects of government interventions. We will develop our economic intuition and build familiarity with a variety of empirical tools, including natural experiments, instrumental variables, and field experiments. We will leverage these skills to address questions about who works and why, the determinants of wages, labor market discrimination, and the effects of taxes, occupational regulation, and minimum wages.

We will begin the course with a survey of long-term trends in the U.S. labor market, including the increase in women’s labor force participation, the recent decline in prime-age male labor force participation, and the shifts away from manufacturing and toward service and alternative work. Along the way, we will address interactions between these trends and some of the forces contributing to them, such as trade, automation, and fertility.

In the second part of the course, we will examine determinants of wages and different compensation schemes, which will lead us into an analysis of trends in and causes of earnings inequality. From thinking about inequality writ large, we will move to thinking about inequality by groups, particularly focusing on racial gaps in earnings. Here we will review the theories and evidence around labor market discrimination.

In the last part of the course, we will begin thinking about government interventions in the labor market, exploring theories of optimal income taxation and occupational regulation as well as empirical evidence about their effects on labor and wages.

Throughout the course, we will cover several of the core models that inform how labor economists think about labor markets and encounter a variety of empirical strategies for uncovering causal effects. We will develop the skill of reading, understanding, and thinking critically about economic research. We will apply the empirical strategies we learn to create and address our own questions about working in America and practice writing and communicating in the language of economists.

Prerequisites
A course in intermediate microeconomics and a course in introductory statistics are required. Students will find it helpful to have already taken econometrics or to take it concurrently.

Course requirements
Class participation (10%)
Class discussion is essential to this course. Students should come to class fully prepared for discussion by having completed all the readings in advance of the class.
Response papers (2/13 and 3/31, 1-2 pages, 5%)
Students will write two papers responding to the readings and concisely addressing the questions in the prompt. The first will be due on 2/11, and the second will be due on 3/31. Further response papers may be assigned throughout the semester as topics and questions arise in class discussion.

Referee reports (2 throughout semester, 2-3 pages, 5%)
Students will write two referee reports on an assigned reading of their choice. These reports will accurately and critically summarize the paper, address strengths and shortcomings, and provide constructive suggestions for the authors. Each referee report is due at the beginning of class on the day we are going to discuss the paper you review. Referee reports may not be done on readings for the following days, which will be addressed in other assignments: 2/11, 2/13, 2/27, 3/3, 3/31, 4/16

Empirical exercise (2/20, 4-6 pages, 10%)
Students will write a short empirical paper in which they create a CPS data extract, replicate results from a paper, and extend that paper’s analysis.

Short essays (3/5 and 4/21, 4-6 pages, 10%)
Students will write two short essays examining current issues or events in light of the models or evidence presented in our readings. The first will be due 3/5, and the second will be due 4/21.

Prospectus (4/2, 4-6 pages, 10%)
Students will write a prospectus that outlines their plans for the final research paper in detail, clearly defining their research question, explaining its importance, reviewing related literature, and laying out the data and empirical strategy that will be used. Students are required to meet with me at least once to discuss their idea before turning in the prospectus.

Literature review (4/14, 2-3 pages, 5%)
As part of the final research paper, students will write a review of the existing scholarship related to their research paper topic. This review will summarize existing evidence and motivate how the student’s research question builds on and adds to the literature. This literature review will become part of the student’s final research paper.

Research paper (draft due 4/30, final due 5/11, 15-18 pages exclusive of tables and figures, 35%)
Students will write a research paper on a topic of their choice. In this paper, students should pose a clearly-defined hypothesis, relate it to the labor economics literature, empirically test the hypothesis, and discuss their findings. Finding a good topic for a research paper is difficult, and students are strongly encouraged to begin thinking about topics early in the semester.

Stata/R problem sets (2/21, 3/6, 3/27, and 4/10, 10%)
Students will attend the mandatory Stata/R tutorials held by the Stata/R tutor. These tutorials are intended to help students learn Stata or R, the primary softwares that economists use to analyze data. Students will learn how to load and clean data, analyze data, and create tables and figures. Stata/R problem sets will be assigned through the Stata/R mini-course and are due 2/21, 3/6, 3/27, and 4/10.

Course policies

Correspondence
I attempt to reply to emails within 48 hours. Please include “Ec 970” in the subject line to ensure that your email is not lost forever in the depths of the inbox.

Late Work
Late assignments will be accepted for 24 hours after the deadline with a 50% grade penalty. Late assignments will not be accepted more than 24 hours after the deadline.
Extensions
If you think you might need an extension, please communicate with me in advance. Note that you cannot get an extension on the final paper.

Plagiarism
Students who plagiarize will fail the course. Please see the Harvard College Handbook for Students for details.

Working with Others
Students are welcome and encouraged to discuss problem sets, papers, and readings together. However, all material handed in must be your own (unique) work and reflect your own understanding of the material.

Schedule and reading list

**Monday, 1/27: Course-Wide Meeting Extravaganza**

**Tuesday, 2/4: Introduction to Causal Inference; Long-Term LFP Trends**
Read:

**Writing Economics: Introduction**

**Thursday, 2/6: Continuing Causal Inference; Shift to the Service Sector**
Read:

**Tuesday, 2/11: Women's Labor Force Participation, part I**
Read:

**Writing Economics: Part One**

**Assigned:**
- Response Paper #1

**Thursday, 2/13: Women’s Labor Force Participation, part II**
Read:

**Assigned:**
- Empirical Exercise

**Due:**
- Response Paper #1

**Also:**
- Intro to Stata Session, 7:30pm-8:45pm
Tuesday, 2/18: Prime-Age Male Labor Force Participation
Read:

Thursday, 2/20: Trade, Robots, and Manufacturing
Read:

Due:
Empirical Exercise

Friday, 2/21
Due:
Stata/R Problem Set #1

Tuesday, 2/25: Gig and Alternative Work
Read:

Thursday, 2/27: Determinants of Wages, part I
Read:

Assigned:
Short Essay #1

Tuesday, 3/3: Determinants of Wages, part II
Read:
Thursday, 3/5: *Skill-biased Technological Change and Inequality, part I*

Read:

Assigned:
- Prospectus

Due:
- Short Essay #1

Friday, 3/6

Due:
- Stata/R Problem Set #2

Tuesday, 3/10: *Skill-biased Technological Change and Inequality, part II*

Read:

Thursday, 3/12: *Earnings Gaps*

Read:

Tuesday, 3/17: NO CLASS, SPRING BREAK

Thursday, 3/19: NO CLASS, SPRING BREAK

Tuesday, 3/24: *Theories of Discrimination, part I*

Read:

Thursday, 3/26: *Theories of Discrimination, part II*

Read:

Assigned:
- Response Paper #2

Friday, 3/26

Due:
- Stata Problem Set # 3
**Tuesday, 3/31: Evidence on Discrimination**

Read:

Due:
- Response Paper #2

**Thursday, 4/2: Information and Discrimination**

Read:

Assigned:
- Literature Review
- Research Paper

Due:
- Prospectus

**Tuesday, 4/7: Job Search and Social Networks**

Read:

**Thursday, 4/9: Unemployment and Job Search**

Read:

**Friday, 4/10**

Due:
- Stata Problem Set #4

**Tuesday 4/14: Unemployment Insurance**

Read:

Assigned:
- Short Essay #2

Due:
- Literature Review
**Thursday, 4/16: Minimum Wage**
Read:

**Tuesday, 4/21: Income Taxation, part I**
Read:

Due:
Short Essay #2

**Thursday, 4/23: Income Taxation, part II**
Read:

**Tuesday, 4/28: Occupational Regulation**
Read:

**Thursday, 4/30**
Due:
Research Paper Draft

**Monday, 5/11**
Due:
Research Paper (by 5pm; non-negotiable course-wide deadline)