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 (15%)
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 (1-2 pages, 5%)
Students will write two papers responding to the readings and concisely addressing the questions in the prompt. Further response papers may be assigned throughout the semester as topics and questions arise in class discussion.

Referee reports (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.

Empirical exercise (4-6 pages, 5%)
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 (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. Short essays may also include a small data component.

Prospectus (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 (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 (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. A draft will be submitted two weeks before the final deadline for comments and revision.

Stata/R problem sets (10%)
Students will attend a Stata/R introduction held by the Stata/R tutor and complete assigned Stata/R problem sets. These problem sets 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 - useful skills not only for the final paper but also for the rigorous and honest handling of data more generally. Stata/R problem set assignments will be found on the Stata/R mini-course page.

Course policies
Correspondence
I attempt to reply to emails within 48 hours. Please include “EC970” in the subject line to ensure that your email is not lost forever in the depths of the inbox. Expect slower response times over the weekend and do not expect responses after 9pm Eastern until the following day.
Late Work
One late assignment will be accepted without question or penalty. Subsequent late assignments will lose one letter grade per day late.

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.

Remote Participation
Students are expected to participate as fully as they are able wherever they are. This means keeping video on while using Zoom and keeping class time as free of distractions as possible (e.g., no cellphones, notification sounds, pets, browsing the internet). Please let me know in advance if you have challenges in this area. Students are also encouraged to engage with the instructor and other students via the course Slack workspace.

Schedule and reading list
Monday, 8/17: Course-Wide Meeting

Thursday, 9/3: Introduction to Causal Inference; Long-Term LFP Trends
Read:
   Writing Economics: Introduction

Tuesday, 9/8: Continuing Causal Inference; Women’s Labor Force Participation, part I
Read:
   Writing Economics: Part One
Assigned:
   Response Paper #1
**Thursday, 9/10: Women’s Labor Force Participation, part II**
Read:
Assigned:
Empirical Exercise
Due:
Response Paper #1

**Some time 9/14-9/16: “Intro to Stata/R” Zoom Session**

**Tuesday, 9/15: Prime-Age Male Labor Force Participation**
Read:

**Thursday, 9/17: Trade, Robots, and Manufacturing**
Read:

**Tuesday, 9/22: Gig and Alternative Work**
Read:
Due:
Empirical Exercise

**Thursday, 9/24: Determinants of Wages, part I**
Read:
Writing Economics: Part Two
Assigned:
Short Essay #1

**Friday, 9/25**
Due:
Stata/R Problem Set #1
**Tuesday, 9/29: Determinants of Wages, part II**
Read:

**Thursday, 10/1: Determinants of Wages, part III**
Read:
Due:
Short Essay #1

**Tuesday, 10/6: Skill-biased Technological Change and Inequality, part I**
Read:

**Thursday, 10/8: Skill-biased Technological Change and Inequality, part II**
Read:

**Friday, 10/9**
Due:
Stata/R Problem Set #2

**Tuesday, 10/13: Earnings Gaps**
Read:
Writing Economics: Part Three and Appendix B
Assigned:
Prospectus

**Thursday, 10/15: Theories of Discrimination, part I**
Read:

**Friday, 10/16**
Due:
Stata Problem Set # 3
Tuesday, 10/20: Theories of Discrimination, part II
Read:
Assignments:
Writing Economics: Part Four and Appendix A

Thursday, 10/22: Evidence on Discrimination
Read:

Due:
Response Paper #2

Friday, 10/23
Due:
Stata Problem Set #4

Tuesday, 10/27: Information and Discrimination
Read:
Assignments:
Literature Review
Research Paper

Due:
Prospectus

Thursday, 10/29: Job Search and Social Networks
Read:

Tuesday, 11/3: Unemployment and Job Search
Read:
**Thursday, 11/5: Unemployment Insurance**

Read:

Due:
- Literature Review

**Tuesday, 11/10: Minimum Wage**

Read:

Assigned:
- Short Essay #2

**Thursday, 11/12: Income Taxation, part I**

Read:

**Tuesday, 11/17: Income Taxation, part II**

Read:

Due:
- Short Essay #2

**Thursday, 11/19: Income Taxation, part III**

Read:

**Tuesday, 11/24: Unions**

Read:

**Thursday, 11/26: NO CLASS, THANKSGIVING RECESS**
**Tuesday, 12/1: Occupational Regulation**

Read:

**Thursday, 12/3: Class Presentations**

Due:
- Research Paper Draft

**Wednesday, 12/16**

Due:
- Research Paper (by 5pm; non-negotiable course-wide deadline)