

EMPIRICAL LABOR ECONOMICS

MEHRZAD B. BAKTASH

CLASS TIME: MONDAY 14:15 - 16

COURSE CONTENT

1. Introduction: Cause and Effect
2. Randomized Trials
 - 2.1 Health Insurance and Health
 - 2.2 Selection Bias
3. Regression Analysis and Ceteris Paribus Clause
 - 3.1 Fundamentals of Regression Analysis and Omitted Variable Bias
 - 3.2 Some Practical Issues
 - 3.3 Proxy Variables
 - 3.4 Dummy Dependent Variables
4. Fixed Effects
 - 4.1 The Method
 - 4.2 Public and Private Universities
5. Instrumental Variables
 - 5.1 Two-Stage Least Squares (2SLS)
 - 5.2 Local Average Treatment Effect (LATE)
 - 5.3 Charter Schools
 - 5.4 Domestic Violence
 - 5.5 Family Size and Schooling
 - 5.6 Schooling and Wages
6. Regression Discontinuity Design
 - 6.1 The Method
 - 6.2 Alcohol and Death
 - 6.3 Exam Schools
7. Differences-in-Differences
 - 7.1 The Method
 - 7.2 Bank Failures
 - 7.3 Alcohol and Death
 - 7.4 Clustered Standard Errors
8. Unnatural Experiments
9. Mediating Influences
10. Moderating Influences: Interaction Effects

LITERATURE

- Aiken, L.S. and S.G. West. 1991. *Multiple Regression: Testing and Interpreting Interactions*. Thousand Oaks, CA: Sage Publications.
- Angrist, J.D. and J.S. Pischke. 2009. *Mostly Harmless Econometrics – An Empiricist’s Companion*. Princeton University Press.
- Angrist, J.D. and J.S. Pischke. 2015. *Mastering Metrics – The Path from Cause to Effect*. Princeton University Press.
- Baron, Reuben M. and David A. Kenny. 1986. “The Moderator-Mediator Variable Distinction in Social Psychological Research: Conceptual, Strategic, and Statistical Considerations,” *Journal of Personality and Social Psychology* 51: 1173 – 82.
- Besley, T. and A. Case. 2000. “Unnatural Experiments? Estimating the Incidence of Endogenous Policies,” *Economic Journal* 110: F672 – F694.
- Bound, J., D.A. Jaeger and R.M. Baker. 1995. “Problems With Instrumental Variables Estimation When the Correlation Between the Instruments and the Endogenous Explanatory Variable is Weak,” *Journal of the American Statistical Association* 90: 443 – 450.
- Buckles, K. and D.M. Hungerman. 2009. “Season of Birth and Later Outcomes: Old Questions, New Answers,” NBER Working Paper No. 14573, Cambridge, MA.
- Greene, W. 2010. “Testing Hypotheses about Interaction Terms in Nonlinear Models,” *Economics Letters* 107: 291 – 296.
- Hayes, A.F. 2013. *Introduction to Mediation, Moderation, and Conditional Process Analysis: A Regression-Based Approach*. New York: The Guilford Press.
- Jaeger, D. 2009. “Quarter of Birth Is Not a Good Instrument! Hallo?” <https://criticalvalue.wordpress.com/2009/08/17/quarter-of-birth-is-not-a-good-instrument-hallo/>
- Jirjahn, U. and K. Kraft. 2007. “Intra-Firm Wage Dispersion and Firm Performance – Is There a Uniform Relationship?” *Kyklos* 60: 231 – 253.
- Judd, Charles M. and David A. Kenny. 1981. “Process Analysis: Estimating Mediation in Treatment Evaluations,” *Evaluation Review* 5: 602 – 19.
- Wooldridge, J.M. 2009. *Introductory Econometrics: A Modern Approach*. Fourth Edition, South-Western: CENGAGE Learning.