

Big Questions for Labor Economists

And the empirical tools to answer them

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Summary

This course is designed around a set of current policy questions that should be on the mind of all young labor economists. These range from old questions that require new answers (Are unions still relevant?) to new questions that challenge established theories (How will automation affect work?). Over the course of several lectures, we will discover the latest research on each topic. The course will also have a strong focus on the empirical tools researchers use to tackle these questions, from randomized trials to machine learning. For each lecture, 1-2 students are expected to volunteer to lead the discussion of one of our discussion papers.

1. Description

Labor economics is a rapidly evolving field, in terms of both topics and methods. This course is designed around 8 “Big Questions” that are central to the future of labor policy and which allow us to cover new advances in methods and data.

1. Should everyone get a college degree?
2. Why hasn't the gender gap converged?
3. Should we have a minimum wage (and what should it be)?
4. What is the role of immigration/migration in labor markets?
5. What policies best promote human capital in developing economies?
6. What policies best combat discrimination?
7. Are unions still relevant?
8. How will automation affect work?

In answering these questions we will have a strong focus on methods. With advances in computing power and access to new data, economists have developed new tools to evaluate programs. Each lecture will focus on one of these questions, which we will use to familiarize ourselves with a particular research method. This course is not about the foundations of labor economics, but rather about contemporary issues and modern approaches.

2. Seminar style & student expectations

I want the course to be a *seminar*, where we discuss the papers. I do not want it to be a lecture, where I do slides for 2 hours. Here is what I will expect from you:

1. **Each student will volunteer to lead the discussion of at least one paper.**
 - 1-2 students will present a discussion paper (20 minutes) each week.
2. I expect all students will have read the reading guide and the paper and will be prepared for discussion. I will provide a “reading guide” before the week to help.
3. If students are interested, we can set aside a lecture for students to present their own work.

3. Length and Structure

The course will meet for **2.5 hours, two times per week for four weeks in May of 2025**. Hence the course is for 20 hours of credit. Students are expected to attend and participate in all lectures.

Lectures

1. Should everyone get a college degree?

Background papers:

- Polachek, S. (2007). Earnings over the lifecycle: The mincer earnings function and its applications. *IZA Paper*, (3181)
- Oreopoulos, P., & Petronijevic, U. (2013). Making college worth it: A review of research on the returns to higher education. *Review of Economic Research*

Discussion papers:

- Lang, K., & Kropp, D. (1986). Human capital versus sorting: The effects of compulsory attendance laws. *The Quarterly Journal of Economics*, 101(3), 609–624
- Zimmerman, S. D. (2019). Elite colleges and upward mobility to top jobs and top incomes. *American Economic Review*, 109(1), 1–47
- Kirkeboen, L. J., Leuven, E., & Mogstad, M. (2016). Field of study, earnings, and self-selection. *The Quarterly Journal of Economics*, 131(3), 1057–1111

3. Why hasn't the gender gap converged?

Background papers:

- Blau, F. D., & Kahn, L. M. (2017). The gender wage gap: Extent, trends, and explanations. *Journal of Economic Literature*, 55(3), 789–865
- Niederle, M., & Vesterlund, L. (2011). Gender and competition. *Annual Review of Economics*, 3(1), 601–630

Discussion papers:

- Sarsons, H. (2017). Interpreting signals in the labor market: Evidence from medical referrals. *working paper*
- Bertrand, M., Black, S. E., Jensen, S., & Lleras-Muney, A. (2019). Breaking the glass ceiling? the effect of board quotas on female labour market outcomes in norway. *The Review of Economic Studies*, 86(1), 191–239
- Lalive, R., & Zweimüller, J. (2009). How does parental leave affect fertility and return to work? evidence from two natural experiments. *The Quarterly Journal of Economics*, 124(3), 1363–1402
- Niederle, M., & Vesterlund, L. (2007). Do women shy away from competition? do men compete too much? *The Quarterly Journal of Economics*, 122(3), 1067–1101

3. Should we have a minimum wage, and what should it be?

Background papers:

- Autor, D. H., Manning, A., & Smith, C. L. (2016). The contribution of the minimum wage to us wage inequality over three decades: A reassessment. *American Economic Journal: Applied Economics*, 8(1), 58–99

Discussion papers:

- Card, D., & Krueger, A. (1994). Minimum wages and employment: A case study of the fast-food industry in new jersey and pennsylvania. *The American Economic Review*, 84(4), 772–793
- Dube, A., Lester, T. W., & Reich, M. (2010). Minimum wage effects across state borders: Estimates using contiguous counties. *The Review of Economics and Statistics*, 92(4), 945–964
- Agan, A. Y., & Makowsky, M. D. (2023). The minimum wage, eetc, and criminal recidivism. *Journal of Human Resources*, 58(5), 1712–1751

4. What is the role of immigration/migration?

Background papers:

- Dustmann, C., Schönberg, U., & Stuhler, J. (2016). The impact of immigration: Why do studies reach such different results? *Journal of Economic Perspectives*, 30(4), 31–56
- Borjas, G. (1987). Self-selection and the earnings of immigrants. *American Economic Review*, 77, 531–553
- Peri, G. (2016). Immigrants, productivity, and labor markets. *Journal of economic perspectives*, 30(4), 3–30

Discussion papers:

- Pinotti, P. (2017). Clicking on heaven’s door: The effect of immigrant legalization on crime. *American Economic Review*, 107(1), 138–168
- Edin, P.-A., Fredriksson, P., & Åslund, O. (2003). Ethnic enclaves and the economic success of immigrants—evidence from a natural experiment. *The quarterly journal of economics*, 118(1), 329–357
- Beerli, A., Ruffner, J., Siegenthaler, M., & Peri, G. (2021). The abolition of immigration restrictions and the performance of firms and workers: Evidence from switzerland. *American Economic Review*, 111(3), 976–1012

5. How do we build human capital in developing economies?

Background papers:

- Ulyssea, G. (2020). Informality: Causes and consequences for development. *Annual Review of Economics*, 12, 436–482

Discussion papers:

- Qureshi, J. (2018). Additional returns to investing in girls’ education: Impact on younger sibling human capital. *The Economic Journal*, 128(616), 3285–3319
- Maccini, S., & Yang, D. (2009). Under the weather: Health, schooling, and economic consequences of early-life rainfall. *American Economic Review*, 99(3), 1006–1026
- Samaniego de la Parra, B., & Fernández Bujanda, L. (2023). Increasing the cost of informal employment: Evidence from mexico. *American Economic Journal: Applied Economics*

6. How can we best combat discrimination?

Background papers:

- Charles, K. K., & Guryan, J. (2008). Prejudice and wages: An empirical assessment of becker’s the economics of discrimination. *Journal of Political Economy*, 116(5), 773–809

- Lang, K., & Spitzer, A. K. L. (2020). Race discrimination: An economic perspective. *Journal of Economic Perspectives*, 34(2), 68–89
- Bertrand, M., & Mullainathan, S. (2004). Are emily and greg more employable than lakisha and jamal? a field experiment on labor market discrimination. *American economic review*, 94(4), 991–1013

Discussion papers:

- Agan, A., & Starr, S. (2018). Ban the box, criminal records, and racial discrimination: A field experiment. *The Quarterly Journal of Economics*, 133(1), 191–235
- Behaghel, L., Crépon, B., & Le Barbanchon, T. (2015). Unintended effects of anonymous resumes. *American Economic Journal: Applied Economics*, 7(3), 1–27
- Siegenthaler, M. (2021). Ethnic discrimination and unemployment: Evidence from online recruitment. *Research Seminar Immigration Policy Lab ETH/Stanford*

7. Are unions still relevant?

Background papers:

- Bhuller, M., Moene, K. O., Mogstad, M., & Vestad, O. L. (2022). Facts and fantasies about wage setting and collective bargaining. *Journal of Economic Perspectives*, 36(4), 29–52
- Farber, H. S., Herbst, D., Kuziemko, I., & Naidu, S. (2021). Unions and inequality over the twentieth century: New evidence from survey data. *The Quarterly Journal of Economics*, 136(3), 1325–1385

Discussion papers:

- Jäger, S., Schoefer, B., & Heining, J. (2021). Labor in the boardroom. *The Quarterly Journal of Economics*, 136(2), 669–725
- Daruich, D., Di Addario, S., & Saggio, R. (2023). The effects of partial employment protection reforms: Evidence from italy. *Review of Economic Studies*, 90(6), 2880–2942

8. How will automation affect work?

Background reading:

- Acemoglu, D., & Restrepo, P. (2018). Modeling automation. *AEA Papers and Proceedings*, 108, 48–53
- Autor, D. H. (2015). Why are there still so many jobs? the history and future of workplace automation. *Journal of economic perspectives*, 29(3), 3–30

Discussion papers:

- Hershbein, B., & Kahn, L. B. (2018). Do recessions accelerate routine-biased technological change? evidence from vacancy postings. *American Economic Review*, 108(7), 1737–1772
- Dauth, W., Findeisen, S., Suedekum, J., & Woessner, N. (2021). The adjustment of labor markets to robots. *Journal of the European Economic Association*, 19(6), 3104–3153