



## **Ph.D. in ECONOMICS – Universities of Milan and Pavia**

### **Labour and social mobility Academic year 2016-17 – Fall Term**

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#### **Course description**

The course will discuss selected topics in labour economics, such as the impact of labour market institutions on labour market outcomes and the importance of family background in determining individual economic outcomes. For each topic, the course will provide the theoretical underpinnings and discuss the relevant empirical literature. Given the strong applied focus of the course, it will discuss the issue of causality in micro-econometrics and provide the basic tools of program evaluation covering randomized experiments, differences-in-differences, regression discontinuity and instrumental variables methods.

#### **Course objectives**

This course is designed for second-year students. Its aim is to acquaint students with state-of-the-art theoretical and empirical research in selected labour economics topics. Students will develop the basic skills to do theory-driven empirical research in labour economics allowing them to uncover causal relationships.

**Course organization:** 8 lectures, two hours each.

**Course Assessment:** The assessment is based on a written exam.

#### **COURSE OUTLINE (additional references will be provided during the course)**

##### **1. Causality**

- 1.1. Randomized experiments
- 1.2. Instrumental variables methods
- 1.3. Regression discontinuity
- 1.4. Differences-in-differences



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Angrist, Joshua D., Guido Imbens and Donald B. Rubin, (1996), Identification of Causal Effects Using Instrumental Variables, *Journal of the American Statistical Association*, 91, 444-472.

Angrist, Joshua D., (1990), Lifetime Earnings and the Vietnam Era Draft Lottery: Evidence from Social Security Administrative Records, *The American Economic Review*, Vol. 80, No. 3 (Jun., 1990), pp. 313-336.

Angrist, Joshua, and Jorn-Steffen Pischke. *Mostly Harmless Econometrics: An Empiricist's Companion*. Princeton University Press, 2009

Deaton, A., (2009), Instruments of Development: Randomization in the Tropics, and the Search for the Elusive Keys to Economic Development, NBER Working Paper No. 14690

Dehejia, Rajeev, and Sadek Wahba. (1999) Causal Effects in Nonexperimental Studies: Re-evaluating the Evaluation of Training Programs. *Journal of the American Statistical Association*, 94, no. 448 (1999): 1053-1062.

DiNardo, John Enrico, and David S. Lee. (2004) Economic Impacts of New Unionization on US Private Sector Employers: 1984-2001. *Quarterly Journal of Economics*, 119, no. 4 (2004): 1383-1441.

Heckman, J., and S. Urzua., (2009), Comparing IV With Structural Models: What Simple IV Can and Cannot Identify, NBER Working Paper No. 14706.

Imbens, Guido W. (2009) Better LATE Than Nothing: Some Comments on Deaton (2009) and Heckman and Urzua (2009), NBER Working Paper No. 14896

LaLonde, Robert. (1986) Evaluating the Econometric Evaluations of Training Programs with Experimental Data. *American Economic Review*, 76 (1986): 604-620.

Lee, David, (2008), Randomized Experiments from Non-random Selection in U.S. House Elections, in *Journal of Econometrics*, 142(2) 675-697

Smith, Jeffrey, and Petra Todd. (2005) Does Matching Overcome LaLonde's Critique of Nonexperimental Estimators?, *Journal of Econometrics*, 125, no. 1-2 (2005): 305-353.

## **2. The impact of labour market institutions on labour market outcomes**

- 2.1. Minimum wages
- 2.2. Employment Protection Legislation
- 2.3. Unemployment Benefits
- 2.4. Active labour market policies

*Labour Economics*, Pierre Cahuc, Stéphane Carcillo, and André Zylberberg (2014), MIT Press (chapters 12-13-14)

*The Economics of Imperfect Labour Markets*, Tito Boeri and Jan van Ours, Princeton University Press, 2008 (chapters 2-10-11-12)



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### 3. The empirics of social mobility

Acciari, P., A. Polo, and G. L. Violante (2016). 'And yet, it moves': Intergenerational mobility in Italy. *Mimeo*, New York University.

Barone, G. and S. Mocetti (2016). Intergenerational mobility in the very long run: Florence 1427-2011. Working Papers 1060, Bank of Italy

Black, S. E. and P. J. Devereux (2011). Recent Developments in Intergenerational Mobility. in Orley C. Ashenfelter and David Card (eds.), *Handbook of Labor Economics*, Volume 4B, Amsterdam: North-Holland, pp. 1487-1541.

Checchi, D., A. Ichino, and A. Rustichini (1999). More equal but less mobile? Education financing and intergenerational mobility in Italy and in the U.S. *Journal of Public Economics* 74(3), 351–93.

Chetty, R., N. Hendren, (2016) The Effects of Neighborhoods on Intergenerational Mobility: Childhood Exposure Effects and County Level Estimates, *mimeo*, Harvard University

Chetty, R., N. Hendren, P. Kline, and E. Saez (2014). Where is the land of opportunity? the geography of intergenerational mobility in the United States. *Quarterly Journal of Economics* 129(4), 1553–1623.

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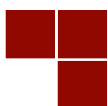
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Güell, Pellizzari, Pica and Rodríguez Mora, 2016, (2015). Correlating social mobility and economic outcomes. CEPR DP10496.

Güell, M., J. V. Rodríguez Mora, and C. I. Telmer (2014). The informational content of surnames, the evolution of intergenerational mobility and assortative mating. *The Review of Economic Studies*.

Krueger, A. B. (2012). The rise and consequences of inequality in the United States. Speech of the Chairman of Council of Economic Advisers at the Center for American Progress on January 12th, 2012.

Solon, G. (2016). What do we know so far about multigenerational mobility? *Economic Journal*, forthcoming.



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