

FECHAS: 17 al 29 de Junio
HORARIO: 8:30 a 11: 30 a.m.
Salón: SD 806

Professor Sergio Urzúa
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Description and Objectives

The purpose of this class is to give students the theoretical background and econometric tools to do impact evaluation. The class will highlight the importance of a good balance between theory and solid empirical work.

During the course we will discuss core topics in labor economics. As previously mentioned, this course emphasizes the connection between theory and practice. We will focus on the econometric issues of empirical labor models including: selection bias, instrumental variables, structural vs. reduced form estimation, unobserved heterogeneity.

1. Background: Selection Models - Economic Theory and Practice

- Amemiya, T. (1984). "Tobit Models: A Survey," Journal of Econometrics, Vol. 24, pp.3-61.
- Heckman, J. (1974). "Shadow Prices, Market Wages and Labor Supply", Econometrica, 42, 679-694.
- Heckman, J. (1976). "The Common Structure of Statistical Models of Truncation, Sample Selection and Limited Dependent Variables and Simple Estimator for such Models", Annals of Economic and Social Measurement, 5, 475-492.
- Heckman, J. (1979). "Sample Selection Bias as a Specification Error," Econometrica, 153-161.
- Heckman, J. and B. Honore (1990). "Empirical Content of the Roy Model, " Econometrica, vol.58, no. 5, 1121-1149.
- Becker, G. Human Capital, 2nd Edition, New York: NBER, 1975.
- Heckman, J., L. Lochner and P. Todd, "Fifty Years of Mincer Earning Regressions," IZA Discussion Paper No. 775.
- Mincer, J. (1962). "Investment in Human Capital and Personal Distribution of Income," Journal of Political Economy, Vol. 66, No. 4, pp. 281-302.
- Mincer, J. Schooling, Experience and Earnings. New York: NBER 1974.

2. Estimating Earning Functions: The Causal Effect of Education

- Becker, G. Human Capital, 2nd Edition, New York: NBER, 1975.
- Card, D. (2001) "Estimating the Return to Schooling: Progress on Some Persistent Econometric Problems," Econometrica, 69(5), 1127-1160.

- Heckman, J., D. Schemier and S. Urzúa (2010). "Testing the Correlated Random Coefficient Model", *Journal of Econometrics*.
- Heckman, J., S. Urzúa and E. Vytlacil (2006). "Understanding Instrumental Variables in Models with Essential Heterogeneity," *Review of Economics and Statistics*, 88(3): 389-432.
- Heckman, J. and E. Vytlacil (2005). "Structural Equations, Treatment, Effects and Econometric Policy Evaluation," *Econometrica*, 73(3): 669-738.
- Imbens, G. and J. Angrist (1994). "Identification and Estimation of Local Average Treatment Effects", *Econometrica*, v62, n2 (March): 467-75.
- Angrist, J. and A. Krueger (1991). "Does Compulsory School Attendance Affect Schooling and Earnings?" *Quarterly Journal of Economics*, 106: 979-1014.
- Wills, R. and S. Rosen (1979). "Education and Self-Selection", *Journal of Political Economy*, vol. 87, No. 5, pp. 7-36.
- Neal, D. and W. Johnson (1996). "The Role of Premarket Factors in Black-White Wage Differences." *Journal of Political Economy* 104(5):869-895.
- Heckman, J. and S. Navarro-Lozano (2004). "Using Matching, Instrumental Variables, and Control Functions to Estimate Economic Choice Models," *The Review of Economics and Statistics*, MIT Press, vol. 86(1), pages 30-57, 08.

3. Dynamic Models, Unobserved Heterogeneity and the General Consequences of Human Capital

- Altug, S. and R. Miller (1998). "The Effect of Work Experience on Female Wages and Labour Supply," *Review of Economic Studies*, 65(1), 45-85.
- Eckstein, Z. and K. Wolpin (1989) "Dynamic Labour Participation of Married Women and Endogenous Work Experience", *The Review of Economic Studies*, Vol. 56, No. 3.
- Keane, M. and K. Wolpin (1997). "Career Decisions of Young Men," *Journal of Political Economy*, Vol. 105, No. 3.
- Heckman, J., J. Stixrud and S. Urzúa (2006). "The Effects of Cognitive and Noncognitive Abilities on Labor Market Outcomes and Social Behavior," *Journal of Labor Economics*, 24(3): 411-482, (July).
- Urzúa, S. (2008). "Racial Labor Market Gaps: The Role of Abilities and Schooling Choices". *Journal of Human Resources*.
- Heckman, J. and S. Urzúa (2010). "Comparing IV With Structural Models: What Simple IV Can and Cannot Identify". *Journal of Econometrics*, Vol. 156(1), 2010.
- G. Conti, J. Heckman and S. Urzúa (2010) "The Education Health-Gradient ", *American Economic Review (Papers and Proceedings)*, May 2010.
- Heckman, J., J. Humphries, S. Urzúa and G. Veramendi (2011) "The Effects of Educational Choices on Labor Market, Health, and Social Outcomes ", manuscript. 2

Evaluación:

Para evaluar el curso se tendrá una take home exam equivalente al (60%) + una tarea (40%).

Nota:

La nota definitiva se aproximará al múltiplo de 0.5 más cercano de acuerdo a la siguiente regla: 2.75 a 3.24 = 3.0; 3.25 a 3.74 = 3.5, etc.

Fecha de Retiro:

El estudiante podrá retirar el curso, sin devolución, hasta un día hábil antes de la fecha de entrega del take home exam y la tarea.