

# ECON 656: Labor Economics II

Purdue University – Spring 2025

Monday, Wednesday  
1:10 - 2:40 RAWL 2079

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## Course Outline

This course is the second in the PhD labor sequence. This course is a survey of theoretical and empirical research in two important research areas: the economics of education (first half, taught by Prof. Mumford) and the economics of discrimination (second half, taught by Prof. Bond). Students will be responsible for analyzing research and presenting it to the class and for completing a literature review project. The skills you will learn in this course are essential to writing a quality dissertation in labor economics.

## Expectations

Students are expected to attend class, read assigned papers, actively participate in class discussions, and present papers in class when assigned.

## Prerequisites

Students are expected to have completed the first-year PhD curriculum in economic theory and econometrics as well as ECON 632 Labor Economics I.

## Grading

Grades will be awarded as follows:

- Exam 1 - Economics of Education (25%)
- Exam 2 - Economics of Discrimination (25%)
- Literature Review Project and Presentation (25%)
- Participation and Assigned Class Presentations (25%)

The best performing students will receive the best grades and the worst performing students will receive the worst.

## **Exams**

This class has two exams. The first is in-class on February 5 and will cover the education topics. The second is in-class on March 3 and will cover the discrimination topics. The exams will test understanding of concepts and familiarity with the papers discussed in class, though not the minute details of the papers.

## **Literature Review Project and Presentation**

All students will be required to produce a literature review project. The goal of this project is to help prepare you to write a paper that could be a chapter in your dissertation. Each student will choose a specific labor economics topic to investigate. The topic should be specific enough to narrow the relevant literature, but broad enough that there are a substantial number of relevant research papers published in economics journals. Identify potentially relevant papers and read them. We recommend writing a short summaries of each paper pointing out the strengths and weaknesses as this will help you organize them. Then create a slide presentation to describe the literature on your chosen topic. Your presentation should start by assessing the literature as a whole: the size, methods, time period, and the major strands. Then present papers in these strands. The order of the papers you discuss should not be arbitrary, organize them in a way that makes sense for your topic. It is not desirable to discuss every study in detail. Focus on the elements that are most relevant to your topic. About 80 percent of your presentation should be about what has been done. The remaining 20 percent should be about potential contributions to the literature: questions that have not been addressed, empirical methods that have not been applied in this literature, study populations or time periods that have not been examined, etc. Each student will give a presentation on the last day of class: March 5.

## **Participation and Assigned Class Presentations**

Students will be frequently assigned to give a 5 to 10 minute presentation of a research paper in class. These slide presentations should highlight the research question, the data, the methods, and the results. The class discussion will focus on an analysis of the paper's strengths and weaknesses as well as its connection to the rest of the literature.

## **Course Schedule/Reading List**

We will not cover every paper listed below in detail. This list is meant to serve as a resource for you now and in the future. The professor will clarify which papers should be read before each class.

## **Jan 13 – Human Capital and the Return to Education**

Hoxby, Caroline (2019) “The Productivity of US Postsecondary Institutions.” in *Productivity in Higher Education*, editors Carline M. Hoxby and Kevin Stange, University of Chicago Press, 31-66.

Deming, David J. (2022) “Four Facts about Human Capital.” *Journal of Economic Perspectives*, 36:3, 75-102.

## **Jan 15 – Does Money Matter?**

Jackson, Kirabo, Rucker Johnson, and Claudia Persico (2016). “The Effects of School Spending on Educational and Economic Outcomes: Evidence from School Finance Reforms.” *Quarterly Journal of Economics*, 131(1): 157–218.

Hyman, Joshua (2017). “Does Money Matter in the Long Run? Effects of School Spending on Educational Attainment.” *American Economic Journal: Economic Policy*, 9:4: 256–80.

Lafortune, Julien, Jesse Rothstein, and Diane Whitmore Schanzenbach (2018). “School Finance Reform and the Distribution of Student Achievement.” *American Economic Journal: Applied Economics*, 10(2): 1–26.

Brunner, Eric, Ben Hoen, and Joshua Hyman (2022) “School district revenue shocks, resource allocations, and student achievement: Evidence from the universe of U.S. wind energy installations.” *Journal of Public Economics*, 206.

Biasi, Barbara, Julien M. Lafortune, and David Schönholzer (2024) “What Works and For Whom? Effectiveness and Efficiency of School Capital Investments Across the U.S.” NBER Working Paper 32040.

## **Jan 22 – Do Schools and/or Teacher Matter? (Value Added Model)**

Chetty, Raj, John N. Friedman, and Jonah Rockoff (2014) “Measuring the Impacts of Teachers II: Teacher Value-Added and Student Outcomes in Adulthood.” *American Economic Review* 104:9, 2633-2679.

Carrell, Scott, Michal Kurlaender, Paco Martorell, Matthew Naven, and Christina Sun (2023) “Do Schools Matter? Measuring the Impact of California High Schools on Test Scores and Postsecondary Enrollment.” Working Paper.

Jackson, Kirabo C., Sebastian Kiguel, Shanette C. Porter, and John Q. Easton (2024) “Who Benefits from Attending Effective High Schools.” *Journal of Labor Economics* 42:3, 717-751.

Petek, Nathan and Nolan G. Pope (2023) “The multidimensional impact of teachers on students.” *Journal of Political Economy* 131(4), 1057-1107.

Gilraine, Michael and Nolan Pope (2023) “Making Teaching Last: Long-Run Value Added.” Working Paper.

Hyman, Joshua (2024) “College Counseling in the Classroom: Randomized Evaluation of a Teacher-Based Approach to College Advising.” Working Paper.

## **Jan 27 - School Choice**

Deming, David J., Justine S. Hastings, Thomas J. Kane, and Douglas O. Staiger (2014) “School Choice, School Quality and Postsecondary Attainment.” *American Economic Review* 104:3, 991-1013.

Dobbie, Will and Roland G. Fryer Jr. (2015) “The Medium-Term Impacts of High-Achieving Charter Schools.” *Journal of Political Economy* 123:5, 985-1037.

Gilraine, Michael, Uros Petronijevic, and John D. Singleton (2023) “School Choice, Competition, and Aggregate School Quality.” NBER Working Paper 31328.

Chen, Feng and Douglas N. Harris (2023) “The Market-Level Effects of Charter Schools on Student Outcomes: A National Analysis of School Districts.” *Journal of Public Economics* 228.

Cohodes, Sarah and Astrid Pineda (2024) “Different Paths to College Success: The Impact of Massachusetts’ Charter Schools on College Trajectories.” NBER Working Paper 32732.

## **Jan 29 – Paying for College**

Lovenheim, Michael F. (2011) “The Effect of Liquid Housing Wealth on College Enrollment” *Journal of Labor Economics* 29:4, 741-771.

Looney, Adam and Constantine Yannelis (2022) “The Consequences of Student Loan Credit Expansions: Evidence from Three Decades of Default Cycles.” *Journal of Financial Economics* 143, 771-793.

Black, Sandra E., Jeffrey T. Denning, Lisa J. Dettling, Sarena Goodman, and Lesley J. Turner (2023) “Taking It to the Limit: Effects of Increased Student Loan Availability on Attainment, Earnings, and Financial Well-Being.” *American Economic Review* 113:12, 3357-3400.

Herbst, Daniel and Nathaniel Hendren (2024) “Opportunity Unraveled: Private Information and the Missing Markets for Financing Human Capital.” *American Economic Review* 114:7, 2024-2072.

Monarrez, Tomas and Lesley J. Turner (2024) “The Effect of Student Loan Payment Burdens on Borrower Outcomes.” Working Paper.

Mumford, Kevin J. (2024) “Student Selection into an Income Share Agreement” Working Paper.

## **Feb 3 – College Major Choice**

Deming, David J. and Kadeem Noray (2020) “Earnings Dynamics, Changing Job Skills, and Stem Careers.” *Quarterly Journal of Economics* 135:4, 1965-2005.

Lovenheim, Michael F. and Jonathan Smith (2022) “Returns to Different Postsecondary Investments: Institution Type, Academic Programs, and Credentials.” Working Paper.

Li, Xiaoxiao, Sebastian Linde, and Hajime Shimaio (2023) “Major Complexity Index and College Skill Production.” Working Paper.

Andrews, Rodney J., Scott A. Imberman, Michael F. Lovenheim, and Kevin Stange (2024) “The Returns to College Major Choice: Average and Distributional Effects, Career Trajectories, and Earnings Variability.” Working Paper.

Bleemer, Zachary and Aashish Mehta (2024) “College Major Restrictions and Student Stratification.” Working Paper.

Batistich, Mary Kate, Timothy N. Bond, Sebastian Linde, and Kevin J. Mumford (2024) “Statistical Discrimination and Optimal Mismatch in College Major Selection” Working Paper.

## **Feb 5 - Exam 1**

Exam 1 covers material from the first half of the course

## **Feb 10 - Racial Disparities: History and Overview**

Althoff, Lukas and Hugo Reichardt. (2024) “Jim Crow and Black Economic Progress After Slavery.” *Quarterly Journal of Economics* 139 (4): 2279-2330.

Bayer, Patrick, Kerwin Kofi Charles, and Ellora Derenoncourt. (2024) “Racial Inequality in the Labor Market.” NBER Working Paper No. 33372.

Bertrand, Marianne and Sendhil Mullainathan. (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.

Gray, Rowena, Siobhan M. O’Keefe, Sarah Quincy, and Zachary Ward. (2024) “Tasks and Black-White Inequality over the Long Twentieth Century.” NBER Working Paper No. 32545.

Lang, Kevin and Ariella Kahn-Lang Spitzer. (2020) “Race Discrimination: An Economic Perspective.” *Journal of Economic Perspectives* 34 (2): 68-89.

Lang, Kevin and Jee-Yeon Lehmann. (2012) “Racial Discrimination in the Labor Market: Theory and Empirics.” *Journal of Economic Literature* 50 (4): 959-1006.

## **Feb 12 - Racial Prejudice**

Alesina, Alberto, Matteo F. Ferroni, and Stefanie Stantcheva. (2024) “Perceptions of Racial Gaps, Their Causes, and Ways to Reduce Them.” NBER Working Paper No. 29245.

Becker, Gary S. (1971) *The Economics of Discrimination*. University of Chicago Press: Chicago.

Black, Dan A. (1995) “Discrimination in an Equilibrium Search Model.” *Journal of Labor Economics* 13 (2): 309-334.

Canay, Ivan A., Magne Mogstad, and Jack Mountjoy. (2024) “On the Use of Outcome Tests for Detecting Bias in Decision Making.” *Review of Economic Studies* 91 (4): 2135-2167.

Charles, Kerwin Kofi and Jonathan Guryan. (2008) “Prejudice and Wages: An Empirical Assessment of Becker’s *The Economics of Discrimination*.” *American Economic Review* 116 (5): 773-809.

Kline, Patrick, Evan K. Rose, and Christopher R. Walters. (2022) “Systemic Discrimination Among Large U.S. Employers.” *Quarterly Journal of Economics* 137 (4): 1963-2036.

Lang, Kevin, Michael Manove, and William T. Dickens. (2005) “Racial Discrimination in Labor Markets with Posted Wage Offers.” *American Economic Review*: 1327-1340.

## Feb 17 - Statistical Discrimination

Altonji, Joseph G. and Charles R. Pierret. (2001) “Employer Learning and Statistical Discrimination.” *Quarterly Journal of Economics* 116 (1): 313-350.

Benson, Alan, Simon Board, and Moritz Meyer-ter-Vehn. (2024) “Discrimination in Hiring: Evidence from Retail Sales.” *Review of Economic Studies* 91 (4): 1956-1987.

Bohren, J. Aislinn, Kareem Haggag, Alex Imas, and Devin G. Pope. (forthcoming) “Inaccurate Statistical Discrimination: An Identification Problem.” *Review of Economics and Statistics*.

Cavounidis, Costas, Kevin Lang, and Russell Weinstein. (2024) “The Boss is Watching: How Monitoring Decisions Hurt Black Workers.” *Economic Journal* 134 (658): 485-514.

Coate, Stephen and Glenn C. Loury. (1993) “Will Affirmative-Action Policies Eliminate Negative Stereotypes?” *American Economic Review* 83 (5): 1220-1240.

Lang, Kevin and Michael Manove. (2011) “Education and Labor Market Discrimination.” *American Economic Review* 101 (4): 1476-1496.

Laouénen, Morgane and Roland Rathelot. (2022) “Can Information Reduce Ethnic Discrimination? Evidence from Airbnb.” *American Economic Journal: Applied Economics* 14 (1): 107-132.

## Feb 19 - Gender: Empirical Regularities and Household Specialization

Becker, Gary S. (1985) “Human Capital, Effort, and the Sexual Division of Labor.” *Journal of Labor Economics* 3 (1.2): S33-S58.

Cortes, G. Matias, Nir Jaimovich, and Henry E. Siu. (2023) “The Growing Importance of Social Tasks in High-Paying Occupations: Implications and Sorting.” *Journal of Human Resources* 58 (5): 1429-1451.

Cortés, Patricia, Jessica Pan, Laura Pilossoph, Ernesto Reuben, and Basit Zafar. (2023) “Gender Differences in Job Search and Earnings Gap: Evidence from the Field and Lab.” *Quarterly Journal of Economics* 138 (4): 2069-2126.

Greenwood, Jeremy, Ananth Seshadri, and Mehmet Yorukoglu. (2005) “Engines of Liberation.” *Review of Economic Studies* 72 (1): 109-133.

Gronau, Reuben. (1977) “Leisure, Home Production, and Work – The Theory of the Allocation of Time Revisited.” *Journal of Political Economy* 85 (6): 1099-1124.

Olivetti, Claudia, Jessica Pan, and Barbara Petrongolo. (2024) “The Evolution of Gender in the Labor Market.” NBER Working Paper No. 33153.

Stevenson, Betsey. (2007) “The Impact of Divorce Laws on Marriage-Specific Capital.” *Journal of Labor Economics* 25: 75-94.

## **Feb 24 - Fertility**

Bailey, Martha J. (2006) “More Power to the Pill: The Impact of Contraceptive Freedom on Women’s Life Cycle Labor Supply.” *Quarterly Journal of Economics* 121 (1): 289-320.

Besnes, Simon, Ingrid Huitfeldt, and Edwin Leuven. (2023) “Reconciling Estimates of the Long-Term Earnings Effect of Fertility.” IZA Discussion Paper No. 2023.

D’Angelis, Ilaria. (2023) “The Search for Parental Leave and Early-Career Gender Gap.” mimeo.

Goldin, Claudia. (2014) “A Grand Gender Convergence: Its Last Chapter.” *American Economic Review* 104 (4): 1091-1119.

Goldin, Claudia and Lawrence F. Katz. (2002) “The Power of the Pill: Oral Contraceptives and Women’s Career and Marriage Decisions.” *Journal of Political Economy* 110 (4): 730-770.

Kleven, Henrik, Camille Landais, and Jakob Egholt Sogaard. (2019) “Children and Gender Inequality: Evidence from Denmark.” *American Economic Journal: Applied Economics* 11 (4): 181-209.

Kuka, Elira and Na’ama Shenhav. (2024) “Long-Run Effects of Incentivizing Work After Childbirth.” *American Economic Review* 114 (6): 1692-1722.

## **Feb 26 - Sexism and Social Norms**

Akerlof, George A. and Rachel E. Kranton. (2000) “Economics and Identity.” *Quarterly Journal of Economics* 115 (3): 715-753.

Alesina, Alberto, Paolo Giuliano, and Nathan Nunn. (2013) “On the Origins of Gender Roles: Women and the Plough.” *Quarterly Journal of Economics* 128 (2): 469-530.

Bertrand, Marianne, Emir Kamenica, and Jessica Pan (2015) “Gender Identity and Relative Income within Households.” *Quarterly Journal of Economics* 130 (2): 571-614.



Burszytn, Leonardo, Thomas Fujiwara, and Amanda Pallais (2017) Acting Wife': Marriage Market Incentives and Labor Market Investments." *American Economic Review* 107 (11): 3288-3319.

Hara, Hiromi, Nria Rodrguez-Planas. Forthcoming. "The Long-Term Consequences of Teaching Gender Roles: Evidence from Desegregating Industrial Arts and Home Economics in Japan." *Journal of Labor Economics*

Maloney, Molly and Neumark, David. 2025. "Does the Gender Wage Gap Actually Reflect Taste Discrimination Against Women?" NBER Working Paper No. 33405.

Michalopoulos, Stelios and Melanie Meng Xu (2021) "Folklore." *Quarterly Journal of Economics* 136 (4): 1993-2046.

Olivetti, Claudia, Eleonara Patacchini, and Yves Zenou (2020) "Mothers, Peers, and Gender-Role Identity." *Journal of the European Economic Association* 18 (1): 266-301.

## **Mar 3 - Exam 2**

Exam 2 covers material from the second half of the course

## **Mar 5 - Literature Review Presentations**

# **Course Policies**

## **Academic Integrity**

Purdue prohibits "dishonesty in connection with any University activity. Cheating, plagiarism, or knowingly furnishing false information to the University are examples of dishonesty" (Student Regulations, Part 5, Section III-B-2-a). Furthermore, the University Senate has stipulated that "the commitment of acts of cheating, lying, and deceit in any of their diverse forms (such as the use of substitutes for taking examinations, the use of illegal cribs, plagiarism, and copying during examinations) is dishonest and must not be tolerated. Moreover, knowingly to aid and abet, directly or indirectly, other parties in committing dishonest acts is in itself dishonest" (University Senate Document 72-18).

## **Behavior**

Purdue is committed to providing a safe and secure campus environment for members of the university community. Purdue strives to create an educational environment for students and

a work environment for employees that promote educational and career goals. Violent Behavior impedes such goals. Therefore, Violent Behavior is prohibited in or on any University Facility or while participating in any university activity.

## **Emergencies**

Course requirements, deadlines, and grading percentages are subject to changes that may be necessitated by a revised university calendar or other circumstances beyond the instructor's control. Relevant changes to this course will be posted onto the course website or can be obtained by contacting the instructors via email. You are expected to read your @purdue.edu email on a frequent basis.

## **Accessibility and Mental Health**

Purdue strives to make learning experiences as accessible as possible. If you anticipate or experience physical or academic barriers based on disability, you are welcome to let me know so that we can discuss options. You are also encouraged to contact the Disability Resource Center at: [drc@purdue.edu](mailto:drc@purdue.edu) or by phone: 765-494-1247. If you are struggling and need mental health services, contact Counseling and Psychological Services 24/7 at 765-494-6995 or by going to their office during business hours on the second floor of the Purdue University Student Health Center. If you need help managing stress and finding life balance, you can sign up to meet with a wellness coach at RecWell through BoilerConnect. Any student who faces challenges securing food or housing is urged to contact the Dean of Students for support.

## **Nondiscrimination**

Purdue is committed to maintaining a community which recognizes and values the inherent worth and dignity of every person; fosters tolerance, sensitivity, understanding, and mutual respect among its members; and encourages each individual to strive to reach his or her own potential. In pursuit of its goal of academic excellence, the University seeks to develop and nurture diversity. The University believes that diversity among its many members strengthens the institution, stimulates creativity, promotes the exchange of ideas, and enriches campus life.

Purdue views, evaluates, and treats all persons in any University related activity or circumstance in which they may be involved, solely as individuals on the basis of their own personal abilities, qualifications, and other relevant characteristics.

Purdue prohibits discrimination against any member of the University community on the basis of race, religion, color, sex, age, national origin or ancestry, genetic information, marital status, parental status, sexual orientation, gender identity and expression, disability, or status as a veteran. The University will conduct its programs, services and activities consistent with applicable federal, state and local laws, regulations and orders and in conformance with the procedures and limitations as set forth in Purdue's Equal Opportunity, Equal Access and Affirmative Action policy which provides specific contractual rights and remedies. Additionally, the University promotes the full realization of equal employment opportunity

for women, minorities, persons with disabilities and veterans through its affirmative action program.