

University of Waterloo
Economics 452 – Topics in Labour Economics
Spring 2020

Chris Riddell

Email: c2riddell@uwaterloo.ca

Course Description, Goals and Learning Objectives

This course provides an overview of modern methods of labour market policy evaluation. Key examples include welfare-to-work; (un)employment insurance; and class size (and education production functions generally). It also examines the experience with various research designs meant to try and evaluate these sorts of policies/programs, both experimental and non-experimental methods. From a theoretical standpoint, students are expected to learn the advantages and disadvantages of alternative research designs and the experience with implementing these research strategies in various applied settings. As well, the economics of several labour market policies are examined, and students are expected to be comfortable with these. Finally, this course emphasizes the application of the course content to real data using statistical software, and thus the final learning is to advance students' proficiency with statistical analysis (building on previous econometrics courses).

The evaluation/research design topics to be covered may include the following:

1. Causal inference and the evaluation problem
2. Experimental methods (randomized trials)
3. Natural experiments and difference-in-differences methods
4. Longitudinal/panel data methods
5. Instrumental variables methods
6. Matching estimators
7. Intro to Regression discontinuity research designs

Other theories beyond the core set of labour market policies noted above that we spend time on include: the economics of trade unions; education and earnings; compensating wage differentials; and performance-based pay.

Readings and Software

There is no required textbook for this course. The required readings will all be available @ LEARN. Generally, each topic consists of one key journal article accompanied by a short excerpt from a textbook; policy-oriented book/brief, etc. For a full list of readings please see the READINGS folder @ LEARN.

SPECIAL NOTE: Data analysis is an important component of this course. We will be using the statistical software package Stata. All information relating to software will be discussed in detail the first class.

LEARN

- All lectures, assignments, readings, and data are available at LEARN. All lectures are audio recorded. There is no live component to this course. A lecture is posted at the beginning of each week. Please see the “First Class” slides @ LEARN for further information.

Course Requirements and Assessment

1. Mini-Assignments (6)	20%
2. Major Data Assignment	20%
3. Report	15%
4. Final Exam	45%

KEY NOTES:

- There is one major Data Assignment which will require a statistical software package. Due date is TBA and will be available at LEARN. The mini-assignments consist of both data and non-data work and are designed to replace activities normally conducted during (live) class time in this course. Please see the policies regarding late assignments below.

- All information on the Final Exam is TBA. The final exam is remote.
- The Report consists of a written report that presents a critical assessment of a recent randomized control trial. Students can choose one RCT from a list that I provide (available @ LEARN). The grading rubric for the report is available at LEARN.
- Combination of particular distribution and absolute measures will be used to determine the course grades. The university grading system will be relied on as benchmark.

Schedule

Date Posted	Topic
May 11	Introduction
May 18	The Evaluation Problem/Credibility Revolution/Treatment effects
May 25	Pitfalls of Experiments/Income-leisure choice model and Work disincentives
June 1	Contaminated experiments (Application: Project STAR)
June 8	Application: Welfare reform and The Self-Sufficiency Project ('SSP')
June 15	Application: Guaranteed/Basic Income and the MINCOME experiment
June 22	Instrumental Variables and the Local Average Treatment Effect ('LATE')
June 29	LATE with experimental data (Application: Welfare reform and happiness in the SSP)
July 6	The Difference-in-differences Estimator
July 13	Difference-in-differences -- Application: Disability Policy
July 20	Post-randomization events and difference-in-differences estimators (Application: SSP)
July 27	Regression Discontinuity (Application: Unemployment Insurance)

Policies

Assignment Policy

All assignments are submitted at LEARN. For the Major Data Assignment, late submissions incur a penalty of 2 points per day. Due dates for assignments are known well in advance. Mini-Assignments are due by 11:59pm on Saturday each week. Given that students have all week to complete the Mini-Assignments, late Mini-Assignments are not accepted under any circumstances.

Examination Policy

Missing the final exam is a very serious matter which automatically results in a grade of zero for the final exam and possibly a failing grade for the course. *Please carefully read the Economics Department policy on deferred final exams for instructions.* Please see the policy below on deferred exams in the Department of Economics.

Institutional-required statements for undergraduate course outlines approved by

Senate Undergraduate Council, April 14, 2009

Economics Department Deferred Final Exam Policy

Deferred Final Exam Policy found at <https://uwaterloo.ca/economics/undergraduate/resources-and-policies/deferred-final-exam-policy>

Academic Integrity

Academic Integrity: In order to maintain a culture of academic integrity, members of the University of Waterloo are expected to promote honesty, trust, fairness, respect and responsibility.

Discipline: A student is expected to know what constitutes academic integrity, to avoid committing academic offences, and to take responsibility for his/her actions. A student who is unsure whether an action constitutes an offence, or who needs help in learning how to avoid offences (e.g., plagiarism, cheating) or about “rules” for group work/collaboration should seek guidance from the

course professor, academic advisor, or the Undergraduate Associate Dean. When misconduct has been found to have occurred, disciplinary penalties will be imposed under Policy 71 – Student Discipline. For information on categories of offenses and types of penalties, students should refer to [Policy 71 - Student Discipline](https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-71) (https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-71)

Grievance: A student who believes that a decision affecting some aspect of his/her university life has been unfair or unreasonable may have grounds for initiating a grievance. Read [Policy 70 - Student Petitions and Grievances](https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-70) (https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-70), Section 4.

Appeals: A student may appeal the finding and/or penalty in a decision made under Policy 70 - Student Petitions and Grievances (other than regarding a petition) or Policy 71 - Student Discipline if a ground for an appeal can be established. Read [Policy 72 - Student Appeals](https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-72) (https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-72).

Other sources of information for students:

[Academic Integrity website \(Arts\)](https://uwaterloo.ca/arts/current-undergraduates/student-support/ethical-behaviour)

https://uwaterloo.ca/arts/current-undergraduates/student-support/ethical-behaviour

[Academic Integrity Office \(UWaterloo\)](https://uwaterloo.ca/academic-integrity/) https://uwaterloo.ca/academic-integrity/

Accommodation for Students with Disabilities

Note for students with disabilities: The [AccessAbility Services](https://uwaterloo.ca/disability-services) office (https://uwaterloo.ca/disability-services), located on the first floor of the Needles Hall extension (NH 1401), collaborates with all academic departments to arrange appropriate accommodations for students with disabilities without compromising the academic integrity of the curriculum. If you require academic accommodations to lessen the impact of your disability, please register with the AS office at the beginning of each academic term.