

**Course Title:** *Applied Topics in Labor and Development Economics*

**Instructor:** Alessandro Tondini

**Aim:** the aim of this course is to be a non-formal, methodological course in applied microeconometrics. We will look at case studies of open questions in labor and development economics. The goal is not to explore comprehensively each topic, but rather focus on the intuition and on the way of thinking that goes on behind the making of empirical applied research. At the same time, we will also cover supplementary techniques that are not usually covered in first year graduate courses (e.g. Regression Kink Design, difference-in-discontinuities, latest developments in difference-in-differences, synthetic control), again focusing on intuition and practical applications, through in-class STATA exercises.

**Schedule:** 1h30 hours for 7 weeks, or 2h for 5 weeks (*tbd*)

**Evaluation:** There will be two assessments, counting each 50% of the grade. The first is a presentation to be done in class. A group of researchers will present each week an assigned empirical paper in either labor or development. Alternatively, they can choose (and are encouraged) to present an ongoing (or potential) empirical project/idea, at any stage of research, and discuss it with the class. (N.B.: the number of papers and presentations, and whether individual or in group, will depend on the size of the class.)

The second assignment will be a two-page referee report to be completed (at home) on a selected paper. Researchers will be evaluated on their capacity to point out empirical issues with the current version of the paper, and propose alternative solutions.

**Tentative Schedule:**

**N.B.:** not all the papers will have to be read each week. This again will depend on how many students are in the class and preferences.

**N.B.#2:** not all papers are in their latest available version. This is done on purpose, please refer to the version indicate in the syllabus and not to the latest/published version.

**Topic #1:** *Understanding Good and Bad Instruments*

Maurin, Eric, and Julie Moschion. "The social multiplier and labor market participation of mothers." *American Economic Journal: Applied Economics* 1.1 (2009): 251-72.

D'Acunto, Francesco, Marcel Prokopczuk, and Michael Weber. "Deep-Rooted Antisemitism Shapes Households' Investments" (2014).

**Topic #2:** *Diff-in-Diff and alike: what to be careful with?*

Kearney, Melissa S., and Phillip B. Levine. 2015. "Media Influences on Social Outcomes: The Impact of MTV's 16 and Pregnant on Teen Childbearing." *American Economic Review*, 105 (12): 3597-3632.

Jaeger, David A., Theodore J. Joyce, and Robert Kaestner. "A Cautionary Tale of Evaluating Identifying Assumptions: Did Reality TV Really Cause a Decline in Teenage Childbearing?." *Journal of Business & Economic Statistics* 38.2 (2020): 317-326.

Kahn-Lang, Ariella, and Kevin Lang. "The promise and pitfalls of differences-in-differences: Reflections on 16 and pregnant and other applications." *Journal of Business & Economic Statistics* 38.3 (2020): 613-620.

*In-class exercise bias in diff-in-diff using cohort and age-effects + log/level common trend exercise.*

### **Topic #3 Synthetic control**

Abadie, Alberto. "Using synthetic controls: Feasibility, data requirements, and methodological aspects." *Journal of Economic Literature* (2020).

Pinotti, Paolo. "The economic costs of organised crime: Evidence from Southern Italy." *The Economic Journal* 125.586 (2015): F203-F232.

*In-class exercise: use of a synthetic control estimation*

### **Topic #4 and 5: Kink Designs, Bunching and Diff-in-Disc**

#### **Kink Design**

Landais, Camille. "Assessing the welfare effects of unemployment benefits using the regression kink design." *American Economic Journal: Economic Policy* 7.4 (2015): 243-78.

Kolsrud, Jonas, et al. "The optimal timing of unemployment benefits: Theory and evidence from Sweden." *American Economic Review* 108.4-5 (2018): 985-1033.

*In-class exercise: estimating the effect of a cash transfer using a Regression Kink Design*

#### **Bunching:**

Khoury, Laura. "Unemployment Benefits and the Timing of Redundancies: Evidence from Bunching." (2019).

#### **Diff-in-Disc:**

Grembi, Veronica, Tommaso Nannicini, and Ugo Troiano. "Do fiscal rules matter?." *American Economic Journal: Applied Economics* (2016): 1-30.

*In-class exercise: estimating the effect of a pension reform using Difference-in-Discontinuities*

#### **Extra if time: Changes-in-Changes**

Athey, Susan, and Guido W. Imbens. "Identification and inference in nonlinear difference-in-differences models." *Econometrica* 74.2 (2006): 431-497.