

Economics 406: Topics in Microeconomics **Spring Quarter, 2018**

Professor: Dr. John M. Krieg
Office: Parks Hall #307
Telephone: 360-650-7405
E-mail: John.Krieg@wwu.edu
Webpage: <http://www.cbe.wwu.edu/Krieg/>
Office Hours: T,H,F 1 - 2 or by appointment

Course Objectives: This is an empirical microeconomics class where we will read economic research papers in an attempt to understand how economists understand causality. To do this, we will focus on different areas that might be described as “the economics of education.” Specifically, I hope to introduce students to current theory and research pertaining to education developed by economists. I have two goals: first to orient students toward current economics of education research and, second, to teach students techniques needed to conduct their own research. We will focus on statistical techniques used in identifying causal relationships between independent and dependent variables. The ultimate goal of this course will be for students to conduct their own education research.

Resources: There is no required textbook for this course. I have placed readings for this course on my webpage and the attached outline lists the order we will discuss these. I will post homeworks, their answers, and occasional notes on this webpage. In addition, we will make frequent use of Stata, a statistical program freely available on any Parks Hall computer lab.

Course Outline: The preliminary reading assignments and course outline are as follows:

I. Human Capital and Investment Theory

Johnes, Geraint, “Human Capital” from The Economics of Education, pp. 5 – 8.

Eide, E.R. and M.H. Showalter, “Human Capital,” pp. 27 – 32.

II. Returns to Education

A. Private Returns to Education

Oreopoulos, P. & Salvanes, K.G., 2011. Priceless: The Nonpecuniary Benefits of Schooling. *The Journal of Economic Perspectives*, 25(1), pp.159–184.

B. External Returns to Education

Taylor, Lori L., “Government’s Role in Primary and Secondary Education”, Dallas Fed.

McMahon, W.W., “The External Benefits of Education,” pp. 68-79.

C. Measuring the Returns to Education

Stock, James and Mark Watson, “Instrumental Variables Regression”, Introduction to Econometrics, Chapter 12.

Angrist, Joshua and Alan Krueger, "Does Compulsory School Attendance Affect Schooling and Earnings," pp. 979-1014.

III. Education as a Signal

Page, M.E., "Signaling in the Labor Market," pp. 33 – 36.

Weiss, Andrew, "Human Capital vs. Signaling Explanations of Wages," JEP, Fall 1995.

Jepsen, Christopher, Peter Mueser, and Kenneth Troske, "Labor Market Returns to the GED Using Regression Discontinuity Analysis" IZA DP No. 6758.

Interview with Bryan Caplan on EconTalk:

http://www.econtalk.org/archives/2014/04/bryan_caplan_on.html

IV. Class Size

Angrist, Joshua D., and Victor Lavy, "Using Maimonides' Rule to Estimate the Effect of Class Size on Scholastic Achievement," QJE 1999.

Schanzenbach, D.W., "The Economics of Class Size," pp. 183-190.

V. Teacher Labor Supply

Corcoran, Sean P., William Evans, and Robert Schwab, "Changing Labor-Market Opportunities for Women and the Quality of Teachers, 1957-2000, AEA Papers and Proceedings, May 2004.

Ballou, Dale and Michael Podgursky, "Returns to Seniority Among Public School Teachers," Journal of Human Resources.

VI. Peer Effects

Dobbie, Will and Roland G. Fryer, Jr., "The Impact of Attending a School with High-Achieving Peers: Evidence from the New York City Exam Schools," American Economic Journal: Applied Economics

VII. The Impact of Teachers

Chetty, Raj, John Friedman and Jonah Rockoff, "The Long-Term Impacts of Teachers," American Economic Review

VIII. Education Reforms

Neal, Derek, "Aiming for Efficiency Rather than Proficiency," JEP, Summer 2010.

IX. Early Childhood Education

Deming, David and Susan Dynarski, “The Lengthening of Childhood”, JEP, Summer 2008.

X. Higher Education

Zimmerman, Seth, “The Returns to College Admission for Academically Marginal Students,”
Journal of Labor Economics, October 2014, pp. 711-754.

Luppino, Marc and Richard Sander, “College Major Peer Effects and Attrition from the
Sciences,” IZA Journal of Labor Economics, Dec., 2015.

Hoxby, Caroline, “The Return to Attending a More Selective College: 1960 to the Present,”
Harvard.

Bound, John, Brad Hershbein and Bridget Terry Long, “Playing the Admissions Game: Student
Reactions to Increasing College Competition”, JEP, Fall 2009.

JEP refers to the Journal of Economic Perspectives.

QJE refers to the Quarterly Journal of Economics.

NBER refers to the National Bureau of Economic Research.

All articles are freely available on my website, through JSTOR, at the NBER website
(www.nber.org), or at the JEP website (<http://www.aeaweb.org/jep/>)

Comments: As with intermediate microeconomics, some basic skills will help you succeed in this class. First, microeconomic theory is typically discussed in terms of mathematical models. I assume that each student has a working knowledge of algebra, differential and integral calculus. Of special importance in this class will be the partial derivative. If this term is not familiar to you, please look it up in your calculus textbook and then come ask me questions during office hours. Secondly, a prerequisite for this course is Introduction to Econometrics (or an equivalent math course). We will read a number of papers that utilize the information detailed in econometrics and, in a number of cases, I will lecture on extensions of this material. If you have not succeeded in this course, please drop Economics 406. Thirdly, as mentioned above, this course does not have a textbook, primarily because no textbook has been written and because I want to expose you to actual economic research. I understand the temptation to fall behind readings, especially when those readings are not in the order of a standard text. Please, do your best to resist this temptation. The reading list is an ambitious one. In many cases, I expect students to read this material more than once—it is not easy to understand once nor do I expect students to do so on their first read through. Rather, I expect students to read the material before class, pay careful attention to lecture, ask questions about the readings and lectures, and then re-read the papers. In short, I view this class as a mixture of seminar style discussions of readings and lectures. You will get the most out of this class by reading ahead of time, struggling with the material on your own, and then coming to class prepared to discuss and ask questions regarding the material.

Grading and Assessment: Your assessment in this class is directly related to your ability to meet this course’s objectives; that is your ability to interpret the models presented in class, apply

their ideas to homeworks, and produce research dealing with the economics of education. There will be homework and a final project. I envision the homeworks to be periodic, comprehensive problem sets and activities that may be done individually or in groups up to three people. You can expect around 4 or 5 homeworks this quarter. The final project is due during the university scheduled final exam.

Classroom discussion of topics and current economic events is highly encouraged. Although not directly computed in your grade, students who positively participate in class may have their final grade improved above what the numerical calculation would suggest.

Grade weights are as follows:

Homework	20%
Final Project	80%

Disability Services: Students with learning disabilities are encouraged to contact Student Support Services at 650-3844 if they desire testing accommodations for this class.

Classroom Dishonesty: Cheating on American campuses has become a common event. Surveys indicate that more than 80% of college graduates have cheated at least once during their tenure in higher education. Cheating is not a victimless crime. Grades earned through illegitimate means reduce the value of grades earned by honest students. Therefore, students caught cheating will immediately be failed from my course. For more information regarding Western Washington University's Academic dishonesty policy, please review the current Academic catalog, Appendix D.