Labor Economics Field Exam

June 2025

Instructor: Yotam Shem-Tov

Student Name:

Student ID:

- **Closed book/notes exam**. No laptops, phones, tablets, or any other electronic device allowed. **No Bluebooks**.
- Write your answers clearly and in dark ink so that your responses are legible. No pencils, except for graphs.
- You must submit your solutions using the exam packet provided.

Do NOT open this test until instructed to do so.

Questions (equally weighted)

For each of the questions below choose whether both claims are correct, both are false, or one is correct and the other is flase. Please provide a brief justification to your choice. No partial credit will be given.

1. Claim A: According to the training model by Acemoglu and Pischke (1998), firms will have monopolistic rents due to information frictions that will cause them to share the gains from training with the worker and will therefore choose to invest in training (although generally less than the optimal level)

   Claim B: In Acemoglu and Pischke (1998), as p (share of high-skilled workers) increases the firm will invest less in training as workers from the secondhand market will be of higher skill

   (a) Both claims are correct

   (b) Both claims are false

   (c) Claim A is correct and claim B is false

   (d) Claim B is correct and claim A is false

2. Both of the following claims relate to the Acemoglu and Pischke (1998) model. As in the slides, let p denote the share of high-skilled workers and let λ denote the likelihood that a high-skilled worker separates from their initial firm due to an exogenous shock. Claim A: The optimal level of training (to workers of all skill types) is unrelated to λ. Claim B: The firm's profit function is: $p(1 - \lambda)\alpha(\tau) - c(\tau)$

   (a) Both claims are correct

   (b) Both claims are false

   (c) Claim A is correct and claim B is false

   (d) Claim B is correct and claim A is false

3. Claim A: Roussille (2021) found that controlling for dfferences in the asking wage reduces wage gaps most for new and inexperienced workers

   Claim B: White children from households at the bottom of the parental income distribution (i.e., lowest percentiles) have higher intergenerational mobility rates than Asian children with parents with similar incomes

   (a) Both claims are correct

   (b) Both claims are false

   (c) Claim A is correct and claim B is false

   (d) Claim B is correct and claim A is false

4. Claim A: Becker's model of tsate based discrimination predicts that discrimination will be lower as markets become more competitive

   Claim B: In Becker's model, discrimination does not always lead to wage gaps. Wage gaps depend on whether the marginal employer is discriminatory or not.

   (a) Both claims are correct

   (b) Both claims are false

   (c) Claim A is correct and claim B is false

   (d) Claim B is correct and claim A is false

5. Claim A: Tsate based discrimination is illegal while statistical discrimination is legal

   Claim B: Statistical descrimination will not be defined as descrimination according to Becker's definition of discrimination that we mentioned in the slides

   (a) Both claims are correct

   (b) Both claims are false

   (c) Claim A is correct and claim B is false

   (d) Claim B is correct and claim A is false

6. Claim A: Between 1950 and 2010 the participation rate of women increased dramatically while that of men remained unchanged

   Claim B: The male-female gap in earnings (adjusting for human capital controls as well as occupation and industry) remained roughly unchanged from 1989 to 2010.

   (a) Both claims are correct

   (b) Both claims are false

   (c) Claim A is correct and claim B is false

   (d) Claim B is correct and claim A is false

7. Claim A: Mulligan and Rubinstein (2008) found that accounting for differences in women participation rate over time shrink the male-female earning gap even further
   Claim B: According to Chetty, Hendren, Jones, and Porter (2018), black women generally have a higher income rank than white women, conditional on having the same parent household income rank.

   (a) Both claims are correct
   (b) Both claims are false
   (c) Claim A is correct and claim B is false
   (d) Claim B is correct and claim A is false

8. Claim A: The evidence in Bertrand and Mullainathan (2004) call back study are consistent with taste based discrimination but not with other forms of discrimination

   Claim B: Bitler, Gelbach, and Hoynes (2006) used the prediction of the neoclassical model of labor supply to study the effects of welfare programs on labor supply. Contrary to the predictions of the model, the authors find evidence of heterogeneity in the effects on labor supply across individuals.

   (a) Both claims are correct

   (b) Both claims are false

   (c) Claim A is correct and claim B is false

   (d) Claim B is correct and claim A is false

9. Claim A: Identification of casual relationships depends on whether the assignment of units to treatment was random or uncorrelated with other factors (i.e., without confounders)

   Claim B: A regression coefficient can be interpreted as descriptive or causal depending on the setting.

   (a) Both claims are correct

   (b) Both claims are false

   (c) Claim A is correct and claim B is false

   (d) Claim B is correct and claim A is false