



Master - Seminar (winter term 2015/16)
In Empirical Labor Economics

Topic descriptions:

1. Post-Unification Wage Growth in East Germany

Already 25 years ago, the Reunification of Germany took place. East and West Germany still differ along various economic dimensions, although East German economy has substantially converged in economic performance towards the West German levels. Hunt (2001) analyzes the pronounced real wage growth of 83 percent in East Germany in the five years after the momentary union with West Germany. She uses the German Socio-Economic Panel data to investigate the determinants of the wage growth, and assesses whether it is consistent with efficient restructuring. Her analysis is based on median regressions, which are more robust to outliers than ordinary least squares. Students are expected to replicate (some of) Hunt's regressions and also to run OLS regressions (with and without outliers) and compare these to the results from the median regressions.

Jennifer Hunt, 2001. "Post-Unification Wage Growth in East Germany," *The Review of Economics and Statistics*, MIT Press, vol. 83(1), pages 190–195, February.

2. The Transition in East Germany: When Is a Ten-Point Fall in the Gender Wage Gap Bad News?

The labor force participation of women in the former German Democratic Republic was high relative to West German levels. But the East German economy also exhibited a substantial gender wage gap. Using the German Socio-Economic Panel for 1990–1994, Hunt (2002) analyzes the narrowing of the gender wage gap in East Germany by 10 percentage points together with the changes in the female employment. Students are expected to replicate the first empirical part of the paper, i.e., not the employment results. This requires estimating log-wage equations by OLS and then decomposing the change in the gender wage gap between 1990 and 1994 into changes in characteristics of females (relative to men), changes in returns to characteristics which differ between men and women and changes in the distribution of the residual wages.

Jennifer Hunt, 2002. "The Transition in East Germany: When Is a Ten-Point Fall in the Gender Wage Gap Bad News?," *Journal of Labor Economics*, University of Chicago Press, vol. 20(1), pages 148–169, January.

Fachbereich 03
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3. How Unification and Immigration Affected the German Income Distribution

The German wage structure is not only affected by the unification of Germany but also by a significant influx of immigrants from abroad and a huge migration from East to West Germany around the date of unification. Using data from the German Socio-Economic Panel Study, Grabka et al. (1999) disentangle those effects by a decomposition of the Theil-Index of inequality. This is the only topic where only one student can work on. It should be straightforward to replicate the results of the paper, since a Stata ado-file to compute the Theil-Index can be downloaded. Therefore, it is expected that the mechanics of the decomposition are described in detail and that the paper's original decomposition is extended, for instance, to later time periods.

Grabka, Markus M. & Schwarze, Johannes & Wagner, Gert G., 1999. "How unification and immigration affected the German income distribution," *European Economic Review*, Elsevier, vol. 43(4-6), pages 867-878, April.

4. Immigrants' Identity, Economic Outcomes and the Transmission of Identity across Generations

Using the German Socio-Economic data, Casey and Dustmann (2010) address three issues relating to immigrants' identity as measured as the feeling of belonging to particular ethnic groups: They study the formation of identity with home and host countries, they investigate how the identity with either country relates to immigrants' and their children's labor market outcomes, and finally, they analyze the intergenerational transmission of identity. The estimation methods are OLS and Random Effects.

Teresa Casey & Christian Dustmann, 2010. "Immigrants' Identity, Economic Outcomes and the Transmission of Identity across Generations," *Economic Journal*, Royal Economic Society, vol. 120(542), pages F31-F51, 02.

5. The Intergenerational Transmission of Risk and Trust Attitudes

Recent theories endogenize the attitude endowments of individuals, assuming that they are shaped by the attitudes of parents and other role models. Using the German Socio-Economic Panel data, Dohmen et al. (2012) test empirically for the relevance of three aspects of the attitude transmission process highlighted in this theoretical literature: (1) the transmission of attitudes from the parents to the children, (2) the impact of the prevailing attitudes in the local environment on the child's attitudes, and (3) the positive assortative mating of parents, which enhances the ability of a parent to pass on his or her attitudes to the child. They focus on two fundamentally important attitudes, namely, the willingness to take risks and the willingness to trust others. The estimation methods are OLS and Instrumental Variables. The paper is very detailed such that each member of the student group allocated to this topic could focus on different (empirical) parts of the paper.

Thomas Dohmen & Armin Falk & David Huffman & Uwe Sunde, 2012. "The Intergenerational Transmission of Risk and Trust Attitudes," *Review of Economic Studies*, Oxford University Press, vol. 79(2), pages 645-677.

6. Sons, Daughters, Wives, and the Labor Market Outcomes of West German Men
Using the German Socio-Economic Panel data, Choi et al. (2008) study the association between family status and labor market outcomes for West German men. They investigate, in particular, how living with a partner, living with a child or the child's gender affect men's earnings and work hours. The estimation methods are OLS and Fixed Effects.

Choi, Hyung-Jai & Joesch, Jutta M. & Lundberg, Shelly, 2008. "Sons, daughters, wives, and the labour market outcomes of West German men," *Labour Economics*, Elsevier, vol. 15(5), pages 795–811, October.

Timetable:

Date	Location	
Thursday, 29.10.2015 12.00 – 14.00	HS VI (Container)	Kick-Off (introduction, organizational issues, assigning topics)
Thursday, 14.01.2016 09.00 – 16.00	03-125 (ReWi Neubau, Kleiner Dekanatssaal)	Presentations of seminar papers
By Sunday, 31.01.2016 23.59 per e-mail		Submission of the final seminar thesis to sekretariat.schank@uni-mainz.de (print-out can be submitted the next day at the office of our chair)

Further information:

We will send before the first meeting an http-address where participants can state their preferences by ranking the topics from 1 to 6, but they can modify their preferences at the end of the first meeting. Topics will be assigned (according to the stated preferences) to groups of two or three students (except Topic 3) directly after the kick-off meeting. Students within groups can work together and also use a joint do-file in Stata. Group members should also present their results jointly. However, note that each person should write up her/his seminar thesis (not more than 18 pages including tables and figures, but without references) independently.

We will supply the data-sets to be used. The main task is to replicate, using Stata, (some of) the results and figures of the papers listed above and write them up in a seminar paper. Students should discuss the outline of their paper with Dr. Damir Stijepic.

Students need to submit an electronic version of their seminar thesis per e-mail to sekretariat.schank@uni-mainz.de, together with the literature cited in the thesis (except for the papers referenced above), a Stata log-file and a do-file which produces all results reported in the seminar thesis. Students should make sure that the do-file runs through before submission and should also appropriately comment in the do-file which table etc. is produced by which command.

Further formal requirements will be discussed during the introductory meeting. The slides from this introductory meeting will be downloadable from ILIAS. Participants are expected to follow all guidelines listed on the slides.

Contact:

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