

Statement of Research Interests and Plans

I am an empirical applied microeconomist with broad research interests in labor markets, development economics, and urban economics. My research to date includes work on market power in the labor market, the role of skill specialization in human capital acquisition, and a particular focus on issues related to the locational decisions of immigrants. I have considerable experience with large administrative data sources. I also have a strong and broad technical skillset that includes knowledge of several programming languages, familiarity with empirical methods adopted for use with large data, and experience with tools from the machine learning literature. However, the overarching goal of my research is simple: to make progress on difficult open theoretical and policy questions relating to labor markets by choosing my empirical research agenda carefully and taking advantage of all the tools and data that are available to me.

In the study of labor markets, there are often many potential theoretical justifications for each piece of solid empirical evidence. This is in many ways unsurprising, as questions regarding the relationships between individuals and the labor markets in which they participate are some of the most challenging empirical questions in all of economics. But, if our goal is to improve our understanding of the world and to develop better policies to govern it, we must do more to isolate the specific mechanisms at work, even as we continue to leverage all of the empirical tools at our disposal.

The topic of my job market paper, “Monopsony for Whom? Evidence from Brazilian Administrative Data,” provides a clear example of this challenge. Monopsony power is a subject with particularly wide-ranging policy applications in the labor market. It has been cited as a potential contributor to both the gender and racial wage gaps, it has been considered as an explanation for employment responses to the minimum wage, and most recently, it has been proposed as a key potential factor in explaining the role of growing inter-firm wage dispersion to rising inequality. However, the empirical evidence for monopsony power to date has been both quite limited and puzzlingly inconclusive: estimates of the labor supply curves faced by individual firms vary widely depending on the methodology used.

In my paper, I seek to solve this puzzle by taking advantage of the richness and comprehensiveness of matched employer-employee administrative data from Brazil. To do this, I develop novel strategies using a combination of fixed effects and instrumental variables to address simultaneity issues that had previously been considered to be a major impediment to progress in understanding the extent of firms' monopsony power over their workers. Then, making use of these strategies, I show that a key finding in the prior literature to date is not, in fact, an artifact of data issues or simultaneity as had previously been widely assumed. Firms set their wages for new workers in a way that suggests that they have relatively small amounts of monopsony power, even though workers are quite insensitive to their own wages in deciding whether to separate from their firms. Additional results show that workers' degree of sensitivity to their own wages in separation decisions varies with measures of local labor market thickness in ways that would be predicted by standard models of costly job search. However, wages for

new hires do not vary with labor market conditions in the same ways. These results strongly suggest that models of “ex-post” monopsony power, which had largely been ignored in the recent empirical literature on monopsony, are in need of renewed consideration.

Going forward, over the next several years, I see myself continuing to work on open questions relating to the operation of labor markets, in particular regarding the nature of wage setting, hiring, separation behavior, and migration. I also expect to continue to make use of new or previously underutilized administrative data sources as well as improvements in computational methods. In the following, I discuss in more detail several of my areas of research interest to date, and my expectations regarding further work in each of them:

Market Power in the Labor Market

Exogenous variation in firm-level wages and employment has historically been difficult to come by, and this has been considered to be a primary inhibitor to progress on questions related to firms’ market power. However, my job market paper suggests that shift-share instrumental variables strategies, particularly those based on the existence of multi-establishment firms, may allow us to say considerably more about the nature of firms’ market power within local labor markets. I foresee myself continuing to work on this issue and other closely related issues in follow-up work.

I am particularly interested in how labor markets function in developing countries, in which there are often large informal sectors that function alongside established formal sector institutions. Additional issues such as “brain drain” migration may also have particular relevance in many developing economies, but the empirical evidence on these phenomena is thin because good data sources are hard to come by. Brazil is among the only developing countries in which rich administrative data are available, and in the process of my dissertation research, I have developed a considerable familiarity with both those data and with the institutional context around them. I expect to continue to leverage that knowledge.

Specialization and Occupational Human Capital

The value of specialization in production has been acknowledged from the earliest days of Adam Smith. It is also evident that human capital is a key component of long-run productivity gains, and an increasing body of literature suggests that human capital is largely occupation-specific. Yet, our standard models of human capital in the economy are all one-dimensional, and this means that they cannot capture the fundamental trade-off between the depth and breadth of the skills that one acquires. In my paper “The Division of Labor and the Labor Market: Are Specialized Worker Skillsets Valued?” I make progress on this question by applying a hierarchical clustering algorithm from the machine learning literature to measures of occupational skill content from O*NET. This algorithm demonstrates clearly that occupational skills can be divided into two basic groups, and that one group maps closely to the traditional definition of blue-collar employment, while the other group includes a range of cognitive skills that are more typically found in white-collar jobs. Then, using the Gini coefficient of occupational skills as a measure of specialization, I find evidence that specialization in one’s

production skills is associated with higher wages and employment in high-wage firms, but no similar evidence regarding specialization in cognitive skills.

Locational Choices Among Immigrants

Why do immigrants choose to agglomerate when it appears that immigrants who settle in ethnic enclaves have worse outcomes than those who do not? In my paper “The Impact of Having a Job at Migration on Settlement Decisions: Ethnic Enclaves as Job Search Networks” I look at data from the New Immigrant Survey and find evidence for one answer: that immigrants seek to locate near other immigrants who can help them to find a job.

I also have two other ongoing projects on this topic, on which I expect to continue to work. In the first project, with Samuel Bazzi, I study the extent to which immigrant group agglomeration patterns in the United States are a response to economic shocks both in immigrants’ source countries and in their choices of destination. The goal of this project is to understand why some immigrant groups are much more clustered in their settlement patterns than others, as well as the extent to which these differences may have contributed to long-run differences in the average outcomes of immigrants of these different backgrounds.

In the second project, with Ben Solow, we develop a simple dynamic model of voting and candidacy based on a “citizen-candidate” style of model. This model shows that the conditions needed for individuals to consider migration in response to political outcomes are in fact quite weak, and that these migration patterns can lead to endogenous sorting of individuals based on political preferences. In our forthcoming empirical study, we hope to learn how much of recent geographic polarization in political affiliation can be traced to prior electoral outcomes as opposed to broader changes in local labor market conditions.

In all, I am excited about my current research agenda, and I strongly believe that there is much important work to be done. For all their challenges, labor economics topics are a direct and consistent influence on people’s lives. With your consideration, I look forward to continuing to study them long into the future.