Economics 651 is a graduate survey course in labor economics. The course covers most of the classic topics in labor, including labor supply, labor demand, wage structure, human capital, compensating wage differentials, and job search. Reflecting the field, much of the material will be empirical in nature and will use advanced econometric techniques.

The list of course topics and readings is attached. Those readings with an asterisk will be available on Blackboard; the others are available online from the JHU library system and you can obtain them there. All lectures will be posted on the course Blackboard website at least one day in advance; you should print hard copies for yourself. A supplemental reading list has also been posted on Blackboard.

Additional volumes that may be of special interest are the Handbook of Labor Economics (HLE), Vols 1 and 2 edited by Orley Ashenfelter and Richard Layard, Vols. 3A-3C edited by Orley Ashenfelter and David Card; Vols. 4A and 4B edited by Ashenfelter and Card; and an undergraduate labor text, such as Ronald Ehrenberg and Robert Smith, Modern Labor Economics.

In addition to the regular lectures, I will give two supplemental econometric lectures on causal modeling in microeconomics, at a time to be mutually agreed on. These lectures are required.

The requirements for the course are (1) grades on three short quizzes spread throughout the semester, dates to be announced later (45%), (2) a long written report on a paper to be discussed in class (15%), (3) a series of short written critiques of those same papers (20%), and (4) a report on a recent job market paper in labor economics (20%).

For (2) and (3), a paper is assigned in each topic on the Reading List below. For each paper, one student will prepare a 5-page double-spaced report containing both a summary and a comment-
critique of the paper. All other students will prepare 2-page double-spaced report containing only a comment-critique of the same paper. At the end of each lecture, the student preparing the long paper will give a 10-minute oral presentation of his or her report, and a class discussion will follow. Both the long and short reports will be turned in after the discussion ends. I will assign students to the papers after the first class (although you can also volunteer for them).

For (4), a list of the papers and instructions on how to prepare your report will be posted on Blackboard soon. The report is due at the end of the Exam period (December 18).  

9/1/15
Required Readings
(starred items are available on course Blackboard website)

I. Static Labor Supply


II. Application: Labor Supply Effects of Taxes and Transfers

Blundell-MacCurdy, *HLE*, pp. 1563-1572*


III. Household Production


IV. Collective Models


V. Intertemporal and Life-Cycle Labor Supply

A. Deaton and J. Muellbauer, pp. 309-323*

Blundell-MaCurdy, 1591-1607*


VI. Labor Demand, Equilibrium, and Wage Structure


VII. Compensating Wage Differentials and Hedonics


VIII. Roy Model

A.D.Roy,"Some Thoughts on the Distribution of Earnings," OEP,1951

Maddala, Limited Dependent Variable Models pp.257-260*


IX. Human Capital and Education

R.Ehrenberg and R.Smith, Chap 5,9 (selections)*

G.Becker, Human Capital, 1964 Appendix to Chap 3*

J.Mincer,Schooling, Experience, and Earnings,1974,Chaps 1,5*


**X. Job Search**


General

The IZA World of Labor (http://wol.iza.org/) has useful short research summaries of many subfields in labor economics, with policy recommendations.

I. Static Labor Supply


IIA. Static Labor Supply: Taxes

M. Killingsworth, *Labor Supply*, Chap. 6

Blundell-MacCurdy, *HLE*, 1617-1657


IIB. Static Labor Supply: Transfers

Blundell-MacCurdy, *HLE*, 1617-1657


J. Grogger and L. Karoly, Welfare Reform: A Decade of Change, 2005


III. Household Production Model


P. Kooreman and A. Kapteyn, "A Disaggregated Model of the Allocation of Time Within the Household" JPE, April 1987

M. Rosenzweig and T. P. Schultz, "Estimating a Household Production Function: Heterogeneity, the Demand for Health Inputs, and Their Effect on Birthweight," JPE, October 1983


Aguiar, Mark; Erik Hurst; and Loukas Karabarbounis, “Time Use During the Great Recession,” AER, August 2013.

IV. Collective Models


T. Schultz, "Testing the Neoclassical Model of Family Labor Supply and Fertility, JHR, Fall 1990


S. Lundberg and R. Pollak, "Do Husbands and Wives Pool Their Resources?" JHR, Summer 1997


V. Intertemporal and Life Cycle Labor Supply


VA. Social Security and Retirement


VI. Equilibrium and Wage Structure


C. Juhn, K. Murphy, and B. Pierce, "Wage Inequality and the Rise in Returns to Skill," JPE, June 1993


L. Katz and D. Autor, "Changes in the Wage Structure and Earnings Inequality" HLE, Volume 3A, 1999


VIA. Labor Demand

D. Hamermesh, *Labor Demand*, 1993


VIB. Disequilibrium

O. Blanchard and L. Katz, "Regional Evolutions," *BPEA*, 1992

VII. Compensating Wages and Hedonics

A. Smith, *Wealth of Nations*, Book X


S. Rosen, "Hedonic Prices and Implicit Markets: Product Differentiation in Pure Competition," *JPE*, Jan/Feb, 1974, pp. 34-44 only


K. Viscusi, "The Value of Risks to Life and Health," *JEL*, December, 1993


VIIA. The Roy Model: Occupational and Sectoral Choice


T. Magnac, "Segmented or Competitive Markets?" Econometrica, January 1991


VIII. Human Capital

G. Becker, Human Capital, 1964, Chap 2


J. Angrist and A. Krueger, "Does Compulsory Schooling Affect Schooling and Earnings?" QJE, November 1991


**VIII.A. Alternative Theories of Wages**


E. Lazear, "Why Is There Mandatory Retirement?" *JPE*, December, 1979


F. Lange, "The Speed of Employer Learning," JOLE, January 2007. (see Altonji-Pierret and Farber-Gibbons references as well)

VIIIIB. Economics of Education


VIIIC. Manpower Training


VIIID. Differentials and Discrimination


J. Bound and R. Freeman, "What Went Wrong? The Erosion of the Earnings and Employment of Young Black Men in the 1980s" QJE, February 1992


G. Becker, A Treatise on the Family. Chaps 1-2

C. Goldin, Understanding the Gender Gap, 1990

E. Berndt, The Practice of Econometrics, Chapter 5


JEP Symposium, Spring 1998: "Symposium on Discrimination in Product, Credit, and Labor Markets"


IX. Job Search and Unemployment


R. Lucas and E. Prescott, "Equilibrium Search and Unemployment," JET, 1974


X. Job Mobility and Job Turnover

R. Ehrenberg and R. Smith, Chap. 10

R. Hall, "The Importance of Lifetime Jobs in the Economy," AER, 1982


C. Flinn, "Wages and Job Mobility of Young Workers," JPE, June, 1986


D. Demougin and A. Siow (see above)


XI. Economics of the Family and Population

G. Becker, "An Economic Analysis of Fertility," in Demographic and Economic Change in Developed Countries, 1960


G. Becker, A Treatise on the Family, 1981


Y. Weiss and R. Willis, "Children as Collective Goods and Divorce Settlements," JLE, July, 1985


T. Bergstrom, "A Survey of Theories of the Family," HPFE


V. J. Hotz, J. Klerman, and R. Willis, "The Economics of Fertility in Developed Countries: A Survey." HPFE


