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 relatively advanced econometric techniques.

The list of course topics and readings is given below. Those readings with an asterisk will be available on the course Canvas site; the others are available online from the JHU library system and you can obtain them there. Relatively few readings are assigned because they are mostly to be used as supplements to the lectures: the lectures are original and not directly based on the readings. All lectures will be posted on the course Canvas website at least four days in advance of the class where they will be presented. A guide to each week’s readings will also be posted on Canvas.

Labor economics is a large field and has a long history. A supplemental reading list with extensive additional readings on each topic will be posted on Canvas soon.

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 Cahuc et al., Labor Economics, a graduate-level labor economics textbooks. There are many good undergraduate labor textbooks as well, written at a lower level (e.g., Borjas, 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.
Canvas will also be used for periodic announcements related to upcoming classes and meetings, and other topics. You will receive Canvas announcements in your email.

The requirements for the course are (1) grades on problem sets spread throughout the semester, dates to be announced later (25%), (2) in-class verbal summaries of Discussion papers, to be assigned later (25%), (3) short written comment-critiques of those same papers (25%), and (4) a course paper (25%).

For (2) and (3), each topic in the course (except the last) has a Discussion Paper. Each student will write a short report on each Paper containing a 2-page double-spaced “comment-critique.” Those reports must be completed before the beginning of the class where the Paper will be discussed. During the class, one student will be asked to start the class discussion with a verbal summary of the paper. Then everyone will verbally provide their comment/critique.

For (4) all students need to write a course paper of approximately 15-20 double-spaced pages. Students should pick one topic on the Supplemental Reading List, read deeply in that topic (including papers not on that Reading List), and propose an idea for a new paper in that area—the new paper to be an extension of past work, or just something important that does not seem to have been done. The paper should have an Introduction (2 pages), a review of the existing literature (5-8 pages), and a proposal for a new idea together with theoretical rationale, possible data sets, and econometric approach. You must give me the Topic Area for your paper by end end of the Reading Period (December 13) and you are free to discuss your topic and work with me on it at any time. The report is due two weeks after the end of the Exam period, January 6, 2023.

Office Hours. I will generally be in my Wyman Office 9:00-11:00 on Wednesdays for meeting in-person or by Zoom. But you need to email me ahead of time if you plan on coming. I am available at other times by appointment, in-person or Zoom.

10/18/22
Required Readings
(Starred items will be made available on the course Canvas website)
(The others are available online at MSEL)

I. Static Labor Supply

Theory:

Econometrics:
B. Hansen, *Econometrics*, pp.364-368*

Empirical Work:
M. Killingsworth, *Labor Supply*, 1983, Tables 4.2-4.3*

II. Application: Labor Supply Effects of Taxes and Transfers

Dimensions of Tax Design, eds. Stuart Adam et al., 2010, pp.206-214*


Background: Blundell-MaCurdy, HLE, pp.1563-1572*


III. Household Production


IV. Collective Models


V. Intertemporal and Life-Cycle Labor Supply

VI. Labor Demand, Equilibrium, and Wage Structure


VII. Compensating Wage Differentials and Hedonics


VIII. Roy Model


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*


R. Willis and S. Rosen, “Education and Self-Selection,” JPE, October, 1979


Eckstein-Wolpin, 1989 (see Keane 2011 above; read summary only)
Keane, 2011 (see life cycle lecture above): Section 6.3.0, pp.1025-1026.


X. Job Search