This course aims to acquaint students with traditional and contemporary topics in labor economics and to encourage the development of independent research interests. Prerequisites are intermediate microeconomics and a course in econometrics.

Class requirements: Grades are based on 4 problem sets (10 points each), an empirical project involving replication and extension of published work (30 points), and a 3 hour final during exam week (40 points). In addition, there are two ungraded problem sets, one at the beginning and one at the end of the course.

LMOD has our readings, assignments, and recitation material.

Articles, handbook chapters will be made available through Stellar. Books are also on reserve. An (M) flags studies done as part of an MIT thesis.

First Part - Angrist

READINGS


J. Angrist and S. Pischke, Mastering 'Metrics, Princeton University Press, 2014 (MM; more methods and examples).

I. Labor Market Facts and Trends


II. The Neoclassical Labor Supply Model

A. Basics


B. Tax and Transfer Programs


C. The Life-Cycle Model


Metrics: MHE, Section 4.1 (especially 4.1.2 and 4.1.3), and MM, Chapter 3.

*Cab drivers, et al.*


D. Household and Family Models


Willis, R., "What Have We Learned from the Economics of the Family?," American Economic Review, 77[2], May 1987, 68-81.


Metrics: MHE, Chapter 4 (Instrumental Variables), and MM Chapter 3.

III. Labor Demand and Demand-Side Institutions and Policies
A. Labor Demand


B. Market Structure and the Min


Metrics: MHE, Chapter 5 and MM, Chapter 5 (DD)

C. Immigration and Migration


P. Cortes, “The Effect of Low-Skilled Immigration on US Prices: Evidence from CPI Data,” JPE 2008, 381-422. (M)


D. Unions


Metrics: MHE, Chapters 5 (Panel Data) and 6 (RD) and MM, Chapter 4 (RD).

IV. Human Capital

A. Schooling, Experience, and Earnings

Theoretical considerations


**B. Empirical Earnings Functions**

*Returns-to-schooling econometrics*


MM, Chapter 6.

*Returns to experience and OJT*

B. Jovanovic (1979) "Firm-Specific Capital and Turnover" *Journal of Political Economy*, 87.6 (December), 1246-60.


Second Part - Acemoglu

Cahue and Zilberberg’s Labor Economics MIT Press, 2004 is a useful reference. You may also want to consult the lecture notes on my website (Acemoglu, Daron and David Autor, Lectures in Labor Economics, Web notes), though these do not cover all our material.

I. Labor Market Externalities

A. Non-Pecuniary and Pecuniary Externalities in the Labor Market


B. Signaling


II. Social Mobility, Peer Effects and Human Capital

A. Social Mobility


* Solon, Gary “Intergenerational Income Mobility in the United States” American Economic Review v82, n3 (June 1992): 393-408


MORE TO COME