This course covers traditional and contemporary topics in labor economics and aims to encourage the development of independent research interests. Prerequisites are intermediate microeconomics (including basic duality) and familiarity with econometrics at the level of *Mostly Harmless Econometrics*.

The class is offered in two versions, 14.661 and 14.661A, meeting concurrently.

**Class requirements**

All 661 participants are expected to:

- Attend classes and recitation each week
- Take an out-of-class final during exam week
- Complete 4 problem sets
- Come to class prepared to discuss assigned readings

In addition, 661A participants are expected to:

- Deliver a brief in-class presentation (BIP)
- Complete an empirical project involving replication and extension of published work

*Extra work for 661A is detailed in a separate note posted on Canvas. Economics Ph.D. students wishing to satisfy requirements for Labor as a major field should take 661A. Minor field requirements can be met by passing 661.*

**Grading**

Labor students may earn a total of 100 regular points plus 10 participation points as follows:

- 14.661 – 4 problem sets (10 points each); final (60 points); attendance (10 points).
- 14.661A – 4 problem sets (10 points each); final (35 points); empirical project (25 points); attendance (10 points). BIPs are ungraded but required for Labor as a major field.

*Canvas* has our readings, assignments, and recitation material.

**READINGS (Angrist)**

Books (mostly for review) are on reserve. An (M) flags studies done as part of an MIT Ph.D. thesis.

*Books*


I. Labor Market Facts and Trends


B. Meyer and J. Sullivan, “Consumption and Income Inequality in the U.S. Since the 1960s,” The JPE (forthcoming), manuscript, June 2022.

II. Labor Supply

A. Basics


**B. Tax and Transfer Programs**


J. Rothstein, "Is the EITC as Good as an NIT? Conditional Cash Transfers and Tax Incidence."  


C. The Life-Cycle Model

 ‘Metrics: MHE, Section 4.1 and MM, Chapter 3 (Instrumental variables).


*Cab Drivers, et al.*


S. Caldwell and E. Oehlsen, “Gender Differences in Labor Supply: Experimental Evidence from the Gig Economy,” UC Berkeley Economics Department, manuscript, July 2022 (M).

**D. Household and Family Models**

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


*IV ‘Metrics in the home*


The Pandemic Home Front


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 (Diffs-in-diffs).


C. Immigration and Migration


IV. Human Capital

A. Schooling, Experience, and Earnings


B. Empirical Earnings Functions

‘Metrics: MM, Chapter 6; AK99, Section 2.


Returns to experience and OJT

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


C. (A Few) Financial Aid Effects


D. School Quality and Education Production


J. Angrist and V. Lavy, “Using Maimonides Rule to Estimate the Effects of Class Size on Academic Achievement,” QJE 114 (May 1999), 533-575.


J. Angrist, E. Bettinger, M. Kremer “Vouchers for Private Schooling in Colombia: Evidence from a Natural Experiment,” The AER 92 (December 2002).


J. Mountjoy, “Community Colleges and Upward Mobility,” The AER 112 (August 2022).

V. Unions in the Private and Public Sectors

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


Cahuc 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


B. Peer Effects


III. Incentives, Agency and Efficiency Wages

A. Multitasking


B. Career Concerns in the Private and the Public Sector


C. Efficiency Wages


IV. Investment in Skills

A. Holdups and Investments


B. Investment in General Skills


**C. Specific Skills, Investments and Learning**


V. Search and Unemployment

A. Unemployment, Non-Employment and Labor Market Flows


OECD (1994); *Jobs Study* Volumes 1 and 2.


B. The Partial Equilibrium Search Model


C. The Basic Equilibrium Search Framework


D. Monopsony


E. Assignment Models


F. The Composition of Jobs


G. Real and Nominal Wage Rigidity (for future reference; we will probably not have time for this topic)


* Bewley, Truman (1999), *Why Wages Don’t Fall During a Recession*, Harvard University Press.


