Readings

The starred articles are required reading for the course. Ph.D students must read all starred articles. Masters students need to read the articles marked with a +. Articles must be read before the class in which we discuss them. I will provide additional guidance to the reading list as the course proceeds.

There is no way that we can lecture on all of the material listed below. It is absolutely essential for you to read in preparation of the class. Each week you should expect to read 3-4 papers.

Course Requirements

a. (30% of final grade) All: Participation in class discussion, which means that you should be reading the key articles ahead of time. Even if you are shy or reluctant to speak, you should make an effort to speak up at least once in each class!

b. (30%) Ph.D Students: Complete 2 referee reports on papers that I will assign as the class progresses.

c. (40%) Ph.D Students: Prepare research proposals every two weeks. I will require you to write a research proposal that you submit electronically before Saturday night. Try to strive for projects that can eventually be published in good field journals. I will provide you with feedback on the proposals and we might discuss them in class. I will tell you whether I want you to develop the proposal further until the next time or whether I would like a new proposal.

d. (50%) Master Students: Literature review prepared in groups of 2 students (up to 20 pages). You can choose to review either of these topics: “Earnings Inequality” or “Returns to Education.” First, decide on a country and topic and have it approved by me. Then, discuss the available literature on your topic for this country critically. What data sets have been used? What are the advantages / disadvantages of these data? What methodological approaches have been taken? Which parameters are being estimated? Try to synthesize the findings and summarize the evidence. Finally, what gaps remain in the literature?

e. (20%) Master Students: A research proposal (2 pages) based on the literature review you conducted.

A note about the labor comprehensive exam: the idea of the comprehensive exam in labor economics is to check whether you have the tools that we consider necessary to write a (good) dissertation in labor economics. This implies that you have a good grasp of both the related theoretical work, as well of course the empirical contributions. Please note that this is a relatively high bar: for instance, students who possess the skills to write a good dissertation in another field (e.g. development economics), but not in labor, would presumably fail the labor comp. We therefore advise you to choose to take the labor comprehensive exam only if you feel comfortable with the material.

To Discuss

Collaborative Research Projects

Are you interested in trying to write a paper together? I can think of one or two research projects that we might engage in as group work and write a collaborative project. We could tailor two different projects, one for the Masters students (more replicative) and one for the Ph.D. students. (more original)

If we go down that road, we might substitute other assignments for work on the project.
PART I LABOR DEMAND WITH TOPICS (WEEK 1-3)

A. Static Labor Demand (Week 1)

This section sets the stage for some of what follows later. We review basics in price theory related to labor demand.


B. Earnings Inequality 1970-2008 (Week 2)

There is a large literature documenting the large increase in earnings inequality since the early 1970s. Substantively, this literature is very influential in the public discussion and has provided a framework for considering the changes in inequality in the US and other developed economies. It builds heavily on the results from the last week regarding input demands – using specific functional forms of aggregate production functions to think about variation in demand for different types of labor.


+* One of these two:


Additional Reading – Inequality and Technology


**C. (Week 3) Decomposition Methods**


* There is also an important empirical literature decomposing differences in earnings across groups and over time into various components. We will discuss decomposition methods as we consider this literature: what does it mean to decompose a statistic? How can this be done? What are valid interpretations of the decompositions?


**PART II THE DETERMINATION OF LABOR QUALITY (WEEK 4-6)**

**Introduction: The Life-Cycle of Earnings and Job Mobility**


**A. Human Capital (Week 4 -6.1)**
During the 1960s and 1970s, Becker and collaborators developed the theory of human capital and applied it to understanding earnings patterns across education and experience. This literature begins by thinking about problems with only an intensity of investment decision – choice is not between alternative occupations or career paths and does not involve considerations of comparative advantage.

The Basic Human Capital Model of Life Cycle Earnings (Week 4)


Applications: General vs. Specific Training (Week 5)


Returns to Tenure – Altonji and Shakoto and Topel (Week 6)


Tasks

B. Returns to Schooling (Week 7-8)

B.1. OLS, IVs and Twins Estimates


B.2 Returns to Schooling and the Roy Model


B.3 Problems of Inference due to Small Samples


Young, Alwyn “Consistency without Inference: Instrumental Variables in Practical Application” September 2017. (available on his web-page).

C. Employer Learning: Human Capital vs. Signaling? (Week 9-10)

Job Market Signaling

Employer Learning


Bhuller, M., A. Gaural, and Fabian Lange (2018): “Employer Learning with Instruments.” (manuscript)

Asymmetric Employer Learning

*(One of the two following)*


* Michael Waldman (manuscript) “The Dual Avenues of Job Market Signalling”, available on myCourses.

Employer Learning and an Allocation Problem


III. Personnel Economics (11-13)

Basic Incentives and Risk Sharing


**Career Concerns**


**Tournaments**


**Multi-tasking**


**More on Firm Level Data?**
