**Brief Course Description:**

The purpose of this course is to help students to understand some of the fundamental literature and techniques used in labor economics. Topics include labor supply, labor demand, human capital, education, training, unemployment, job search, turnover, mobility, retirement, and compensating wage differentials. There is quite a bit of emphasis on policy applications and empirical techniques.

**Required Background:**

Economics 501 and 507, or equivalent, and familiarity with graduate econometrics at the level of Greene’s *Econometric Analysis*. If you do not have this background but are still interested in the course, please see me.

**Readings:**

There is no textbook for the course. All required readings will be available either a) online at [www.jstor.org](http://www.jstor.org), or b) in the Labor Library, room 147 of the Institute of Labor and Industrial Relations. If you can’t find a required reading in either of these places, please let me know ASAP. Also, additional readings from the most recent issues of journals will be distributed occasionally. Some additional, optional readings:

- These handbooks are great but very expensive. For contents and full text of some articles see [http://www.elsevier.com/wps/find/S04.cws_home/books](http://www.elsevier.com/wps/find/S04.cws_home/books)
- Griliches, Intriligator, Engle, McFadden, Heckman, and Leamer (eds.), *The Handbook of Econometrics*, Volumes 1-6 are also up on this site.

**Course Requirements and Grading:**

**In-Class Presentations and Preparations:**

Students are expected to participate actively in class and complete readings before the appropriate class. For each class, one or two papers will be the focus of discussion, and I might ask participants to present material (i.e., lead the class) in a discussion of one or two papers.

**Problem Sets:**

We’ll do some problem sets (2 or at most 3) during the course of the semester.

**Referee Reports:**

Throughout the semester, you’ll be assigned 1 or 2 mock referee reports evaluating papers related to material we discuss in class.

**Paper proposal:**

Participants are also expected to write a high quality research proposal that will hopefully lead to dissertation research and/or a publishable paper. You should arrange to meet with me when you are ready to talk about a topic for your paper, and brief outlines (less than one page) of proposals are due by Monday, March 27 (the first class after Spring Break). Final proposals are due on Friday, May 12.
Final Exam:
We will have a final exam at the end of the semester, time and place TBA (university suggests 7:00-10:00 PM, Tuesday, May 9).
Outline and Reading List for Economics 540: The Economics of Labor Markets

Reading marked with an “*” will be stressed more heavily. This list is in progress.

I. Introduction


II. Labor Supply

A. Labor Force Participation and Introduction to Sample Selection


B. Labor Supply, Taxes, and Nonlinear Budget Constraints


C. Life Cycle Models of Labor Supply and Consumption with Exogenous Wage Rates


D. Labor Supply, Hours Constraints, and Hours Determination in Intertemporal Models


E. Retirement Behavior


**III. Labor Demand**


**IV. An Introduction to the Economics of Education**


**V. Training**


**VI. Earnings, Productivity, and Job Mobility over a Career**


VII. Unemployment

A. Search Theory and Estimation


B. Unemployment Insurance


**C. Job Displacement and its Effects**


