LABOR ECONOMICS
Monday, Wednesday 10:00-11:30

This is a graduate course in labor economics, appropriate for graduate students in the Department of Economics and other students with preparation in microeconomic theory and econometrics. The course teaches core topics in the field of labor economics as well as empirical methods for applied microeconomic analysis.

The syllabus contains readings of two sorts. The first, designated by an asterisk, will be emphasized in the lectures. Readings with no asterisk may be discussed in lectures briefly, but are primarily offered as a guide to the literature.


Preparation for research: Students are strongly encouraged to attend the weekly Labor Economics Workshop, which meets on Wednesday from 4:00 to 5:30 in Littauer M-16.

Grading: Students will prepare a final examination (50%), a research paper (40%), and a referee report (10%). The referee report should be a serious but brief (2 to 5 page) critical evaluation of one (or two related) readings without an asterisk on the syllabus or a recent NBER working paper in labor economics available at http://www.nber.org/papersbyprog/LS.html. The referee report is due by October 19. A brief research proposal for the research paper should be turned in by November 4. Students are expected to meet with or email Prof. Katz and/or the TF Linh Tô <linhto@fas.harvard.edu> to discuss paper topics before that date. The term paper is due on December 9. The final exam will take place in exam period at a mutually agreed upon time and date during December 12-16.
ECONOMICS 2810a: Expected Lecture Schedule for Fall 2016

I. Human Capital and Schooling
   Aug 31 – Lecture 1: Course Introduction; Human Capital Investment
   Sep 5 – No Class – Labor Day
   Sep 7 – Lecture 2: Human Capital Schooling Models; Estimating Returns to Schooling I
   Sep 12 – Lecture 3: Estimating the Returns to Schooling II and Extensions
   Sep 14 – Lecture 4: Signaling and Learning Models of Education and Earnings
   Sep 19 – Lecture 5: The Education Production Function and Returns to School Quality

II. Program Evaluation, Field Experiments, and Applications
   Sep 21 – Lecture 6: Program Evaluation: The Basics
   Sep 26 – Lecture 7: Field Experiments: Internal & External Validity, Spillovers, GE Effects
   Sep 28 – Lecture 8: Evaluating School Policies

III. Neighborhood Effects, Peer Effects, and Intergenerational Mobility
   Oct 3 – Lecture 9: Neighborhood and Peer Effects I
   Oct 5 – Lecture 10: Neighborhood and Peer Effects II
   Oct 10 – No Class – Columbus Day
   Oct 12 – Lecture 11: Intergenerational Mobility

IV. Immigration, Self-Selection and Equalizing Differences Models
   Oct 19 – Lecture 13: Economics of Assimilation and Immigrant Performance
   Oct 24 – Lecture 14: Theory of Equalizing Differences and Applications
   Oct 26 – Lecture 15: Spatial Equilibrium Models and Applications

V. Jobs, Matching, Turnover, Careers, Incentives, & Segmented Labor Markets
   Oct 31 – Lecture 16: Matching, Mobility, and Life-Cycle Earnings
   Nov 2 – Lecture 17: Personnel Economics I: Agency Models and Incentives
   Nov 7 – Lecture 18: Personnel Economics II: Tournaments and Career Concerns
   Nov 9 – Lecture 19: Segmented Labor Market Models; Fairness and Wage Rigidities
   Nov 14 – Lecture 20: Firm and Industry Wage Differentials

VI. Labor Demand, Unions, and Minimum Wages
   Nov 16 – Lecture 21: Labor Demand Models; Union Wage & Employment Determination
   Nov 21 – Lecture 22: Labor Demand Applications: Minimum Wage, Monopsony

VII. Labor Supply
   Nov 28 – Lecture 23: Labor Supply I: Static Labor Supply; Tax and Transfer Programs
Background Reading


I. Human Capital

I.a. Human Capital Investment: Theory and Basic Facts (Lectures 1 and 2)


Ib. Estimating the Rate of Return to Schooling on Earnings and Other Outcomes (Lectures 2 and 3)


I.c. Signaling, Screening, and Learning Models of Education and Earnings (Lecture 4)


**I.d. Estimating the Labor Market Returns to School Quality and School Inputs (Lecture 5)**


II. Program Evaluation, Field Experiments, and Education Policies

II.a. Program Evaluation: The Basics and Training Programs (Lecture 6)


II.b. Field Experiments: External Validity, Spillovers, and General Equilibrium Effects (Lecture 7)


II.c. Evaluating the Impacts of School Policies on Student Outcomes (Lecture 8)


III. Neighborhood Effects, Peer Effects, and Intergenerational Mobility

III.a. Neighborhood Effects and Peer Effects (Lectures 9 and 10)


D. Cutler and E. Glaeser. (1997) “Are Ghettos Good or Bad?” *QJE* 112 (August), 87-122.


III. b. Intergenerational Mobility (Lecture 11)


IV. Immigration, Self-Selection, and Equalizing Differences Models

IV.a. Self-Selection and Earnings: The Roy Model and Immigration (Lecture 12)


IV.b. Economics of Assimilation and Immigrant Performance (Lecture 13)


IV.c. Equalizing Wage Differentials – Theory, Econometrics, and Evidence (Lecture 14)


IV.d. Spatial Equilibrium: Models and Applications (Lecture 15)

* J. Roback. (1982) "Wages, Rent and the Quality of Life," *JPE*, 90 (December), 1257-78.


V. Jobs, Matching, Turnover, Careers, Incentives, and Segmented Labor Markets

V.a. Job Matching, Turnover, Life Cycle Wage Growth, Costs of Job Loss (Lecture 16)


* C. Flinn. (1986) "Wages and Mobility of Young Workers," JPE 94 (June), S88-S110.


B. Jovanovic. (1979) "Firm-Specific Capital and Turnover" JPE 87 (December), 1246-60.


V.c. Segmented Labor Market Models, Pay Fairness, and Wage Rigidities (Lecture 19)


**V.d. Firm and Industry Wage Differentials (Lecture 20)**


VI. Labor Demand

VI.a. Basic Models of Labor Demand: Comparative Statics and Marshall’s Rules (Lecture 21)


VI.b. The Economics of Unions: Union Wage and Employment Determination (Lecture 21 and 22)


VI.c. Labor Demand Applications: The Minimum Wage and Monopsony (Lecture 22)


VII. Labor Supply

VII.a. Labor Supply I: Static Labor Supply; Tax and Transfer Programs


II.b. Labor Supply II: Intertemporal Labor Supply


