Course Description

The goal of this course is to synthesize theory, econometrics, and empirical work in labor economics. Topics will include the Roy model, equalizing differentials, human capital, search, labor market dynamics, and schooling.

Evaluation will be based on homeworks (35%) and a research project (65%). You are expected to turn in a 20-30 page progress report describing an original project. You can work in teams of up to 2. Please meet with me at least two times over the semester so we can discuss your progress.

Topics

Here is a list of topics and papers. In some cases we will study the paper explicitly. In other cases the reference is for background reading if you are interested.

1. The Roy Model

2. The Compensating Differentials Model,

3. Human Capital
• G. Becker, Human Capital, 1975

4. Returns to Schooling


5. Ben-Porath Model


6. Search Models


7. Learning About Match Quality


8. Multi-Dimensional Human Capital
• Sanders, Carl and Christopher Taber, “Lifecycle Wage Growth and Heterogeneous Human Capital,” *Annual Review of Economics*.


9. Changes in Wage Structure


10. Putting it All Together


• Taber and Vejlin, “A Roy/Search/Compensating Differentials Model of the Labor Market”

11. Private Schools


• Altonji, Joseph G., Todd E. Elder, and Christopher R. Taber, “Selection on Observed and Unobserved Variables: Assessing the Effectiveness of Catholic Schools,” forthcoming, JPE.


12. Education Production Functions


In the second, she works in the labor market. If Debbie becomes a marine biologist, she will spend $15,000 on education in the first period and earn $472,000 in the second period. If she becomes a concert pianist, she will spend $40,000 on education in the first period and then earn $500,000 in the second period. (a) Suppose Debbie can lend and borrow money at a 5 percent rate of interest between the two periods. Which career will she pursue? 227,778. 1.2 1.2 2 and Thus, the best option for Peter is to start working upon completely high school. 6-3. Jane has three years of college, Pam has two, and Mary has one. Jane earns $21 per hour, Pam earns $19, and Mary earns $16. The difference in educational attainment is due completely to different discount rates. The main goal of the course is to introduce the students to the fundamental theories, methods of analysis and applied aspects, which form the modern labor market economics. By the end of the course the students are supposed to have knowledge of: â€¢ topics and main problems analyzed in labor economics; â€¢ principles of labor market operating; â€¢ directions of Russian and other countries labor marketsâ€™ development. â€¢ analytic instruments of micro- and macroanalysis courses that could be applied to the labor market research; â€¢ sources of statistic data on the labor market as well as basic skills for Topic. MIT Course Number. [HOLE 3A] O. Ashenfelter and D. Card, Handbook of Labor Economics, Volume 3A, 2010. ISBN: 9780444501875. Note: An (M) indicates work done as part of an MIT thesis. Course readings. SES #. TOPICS. J. Angrist, "Grouped-Data Estimation and Testing in Simple Labor Supply Models," Journal of Econometrics, 47[2], 1991, 243-266. D. Card, "Intertemporal Labor Supply: An Assessment," in C. Sims, ed., Advances in Econometrics Sixth World Congress, vol. II, Cambridge University Press, 1994, 49-78.