

Economics of Labor Markets & Education

Course Description: This course will cover theoretical and empirical topics in labor economics and economics of education. Throughout the course, I will try to relate theory to applied issues. Students will also be introduced to some recent empirical approaches in labor economics. The course will expose students to important theoretical and applied topics in such areas as labor supply theory, human capital (education and training), wage differentials, discrimination in labor markets, earnings inequality, signaling approach to education and the education production function.

Grading:

Class participation and weekly paper discussions 20%
Midterm 40%
Final Exam 40%

Textbook

The course is based mostly on research papers. There is no required textbook for the course, but useful books include:

- Cahuc, Pierre and Andre Zylberberg (2004), *Labor Economics*, MIT Press.
- Angrist and Pischke (2009), *Mostly Harmless Econometrics*, Princeton University Press.
- *Handbook of Labor Economics* (relevant volumes)
- *Handbook of Economics of Education* (relevant volumes)

1. Recent Empirical Approaches in Labor Economics : Fixed effects, IV, LATE, Randomization techniques, Differences-in-Differences, Regression Discontinuity Design

J. Angrist and A. Krueger, “Empirical strategies in labor economics” In O. Ashenfelter and D. Card, editors, *Handbook of Labor Economics*, volume 3A, pages 1277–1366. Elsevier Science, 1999.

Angrist and Pischke (2009), *Mostly Harmless Econometrics*, Princeton University Press.

Alan B. Krueger., “Experimental Estimates of Education Production Functions” *Quarterly Journal of Economics*, Vol. 114, no. 2 (May 1999): 497-532.

2. Labor supply

- **Static Labor Supply: Introduction, Basic facts and theory**

Blundell and MaCurdy, “Labor Supply: A Review of Alternative Approaches” *Handbook*, Vol. 3A, Chapter 27

- **Intertemporal Labor Supply**

Blundell and MaCurdy, “Labor Supply: A Review of Alternative Approaches” *Handbook*, Vol. 3A, Chapter 27

Altonji, Joseph. “Intertemporal Substitution in Labor Supply: Evidence from Micro Data” *Journal of Political Economy*. June 1986

MaCurdy, Thomas. "An Empirical Model of Labor Supply in a Life-Cycle Setting." *Journal of Political Economy*. December 1981.

Card, David "Intertemporal Labor Supply: An Assessment." NBER Working Paper #3602, January 1991.

- **Empirical estimates of labor supply relationships**

Angrist, J. D. and W. N. Evans (1998), "Children and Their Parents' Labour Supply: Evidence from Exogenous Variation in Family Size", *The American Economic Review*, 88(3), pp. 450-77.

Gelbach, Jonah B. 2002. "Public Schooling for Young Children and Maternal Labor Supply." *American Economic Review* 92(1): 307-322.

Farber, Henry. "Is Tomorrow Another Day? The Labor Supply of New York City Cab Drivers" *Journal of Political Economy* 113(1), 2005 pp. 36-82.

3. Wage Inequality and Technology

DiNardo, J. and Pischke, J., "The Returns to Computer Use Revisited: Have Pencils Changed the Wage Structure Too?" *Quarterly Journal of Economics* 112, Feb. 1997, 291-303.

Katz, Lawrence and Kevin M. Murphy. Changes in Relative Wages, 1963-1987: Supply and Demand Factors." *Quarterly Journal of Economics* 107 (February 1992): 35-78.

Krueger, A., "How Computers Have Changed the Wage Structure: Evidence From Microdata, 1984-1989", *Quarterly Journal of Economics*, vol. 108, no. 1, February 1993, pp. 33-61

Katz, Lawrence. "Technological Change, Computerization, and the Wage Structure."

Unpublished Manuscript, Department of Economics Harvard University. September 1999.

Card, David and John E. DiNardo. "Skill-Based Technological Change And Rising Wage Inequality: Some Problems And Puzzles," *Journal of Labor Economics*, 2002, 20(4): 733

4. Discrimination

Altonji, Joseph and Rebecca Blank, "Race and Gender in the Labor Market," in Ashenfelter, O. and D. Card, eds., *Handbook of Labor Economics*, Vol. 3C. Amsterdam: Elsevier, 1999.

Pager, Devah (2007) "The Use of Field Experiments for Studies of Employment Discrimination: Contributions, Critiques, and Directions for the Future," *Annals of the American Academy of Political and Social Science* 609: 104-133.

Goldin, Claudia and C. Rouse, "Orchestrating Impartiality: The Impact of Blind Auditions on the Sex Composition of Orchestras." *American Economic Review* 90(4), 2000, 715-41.

Neal, Derek A. and William R. Johnson, "The Role of Premarket Factors in Black-White Wage Differences," *Journal of Political Economy*, 104(5), 1996, 869 – 895.

5. Returns to education (private and social): Theory and Empirics

J. Angrist and A. Krueger. "Does Compulsory School Attendance Affect Schooling and Earnings?" *The Quarterly Journal of Economics*, 106(4):979–1014, 1991.

E. Duflo. "Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment" *The American Economic Review*, 91(4):795–813, 2001.

Lance Lochner & Enrico Moretti, 2004. "The Effect of Education on Crime: Evidence from Prison Inmates, Arrests, and Self-Reports," *American Economic Review*, American Economic Association, vol. 94(1), pages 155-189, March.

6. Signaling approach to education

Weiss, Andrew, "Human Capital and Sorting Models," *Journal of Economic Perspectives*, 9(4), Autumn 1995, 133-154.

Spence, Michael, "Job Market Signaling," *Quarterly Journal of Economics*, 87(3), August 1973, 355-374.

Tyler, John, Richard J. Murnane and John Willett, "Estimating the Labor Market Signaling value of the GED," *Quarterly Journal of Economics*, 115(2), May 2002, 431-468

Lang, Kevin, and David Kropp, "Human Capital versus Sorting: The Effects of Compulsory Attendance Laws," *Quarterly Journal of Economics*, 101, 1986, 609-624.

Weiss, A., (1995), "Human Capital vs. Signaling Explanations of Wages", *The Journal of Economic Perspectives*, 9(4): 133-154.

7. Education Production Functions: School Quality and peer effects

Hanushek, Eric A., "The Economics of Schooling: Production and Efficiency in Public Schools," *Journal of Economic Literature*, XXIV (1986), 1141-1177

B. Sacerdote. "Peer Effects with Random Assignment: Results for Dartmouth Roommates" *Quarterly Journal of Economics*, 681, 2001.