Labor Economics II
Spring 2008

Instructor:
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Class Schedule:
Tuesday 2-4, Room 802, 19 W. 4th Street

Office Hours:
By appointment (send me an e-mail to set one up).

Course Objectives:
The objective of the course is to acquaint students with modern topics, modeling strategies, econometric methods, and empirical work in the field of labor economics. We will cover topics in the analysis of labor market dynamics [(unemployed) search and informational models of turnover], models of the employment relationship in the presence of moral hazard, alternative models of wage determination, bargaining models of household behavior, and models of equ. For each of the topics covered we will begin by presenting some of the relevant theoretical models that have been developed. We will then turn our attention to issues of model specification and estimation given the type of data typically available to labor economists. We intend to spend roughly equal amounts of time on theoretical and empirical issues.

Prerequisites:
One year of microeconomic theory and Econometrics II or its equivalent.

Requirements and Grading:

1. There is a take-home examination at the end of the term. Questions will be based on the required material on the reading list and lecture material.

2. Students are expected to complete a short research paper, in which they pursue some topic covered in class or other labor market issues (subject to the approval of the instructor). The paper may consist of an empirical and/or theoretical analysis, but should contain some original aspects. You are to complete a two-page research proposal by the end of February, and you have until the end of the semester to complete the paper. If you have difficulty developing a topic, speak to me and we’ll work on it together.

The course paper and final exam have equal weight in determining the final grade.
Readings:
The items on the reading list marked with an asterisk (*) are required readings. You should be able to find almost everything on-line. If you have difficulties locating something, let me know.

Topics:

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Reading List

Note: Selections with (*) are required

1.A. Describing Labor Market Dynamics


1.B. Unemployed Search Theory

1. *Burdett and Mortensen (from 1.A), continued.

2. *Flinn (from 1.A), continued.


1.C. Econometrics of Unemployed Search


1.D. Matching, Bargaining, and Search


1.E. Job Mobility


2.B Models of Household Formation and Dissolution


2.C Marital Sorting


3.A Principal-Agent Problems in the Labor Market


3.B. Estimation of Models with Moral Hazard


4.A Comparative Advantage


4.B Empirical Research on Comparative Advantage


4.C. Human Capital Investment, Fertility, and Cohort Size


