

ECON-573  
Labor Economics  
Professor Mary Hansen  
Fall 2011

This course is the first in the two-semester labor field sequence. The sequence introduces the main topics of labor economics and provides a foundation for original research in the field. This course stresses the research process, especially building testable hypotheses from foundations. The second course stresses empirical techniques. It is not essential that both courses be taken, but together the courses provide preparation for the labor comp and support for pre-dissertation exploration of research topics.

Specific learning objectives:

After completing this course, students will be able to...

1. Explain the foundations of labor supply, labor demand, and select other key topics in labor economics
2. Locate information about the history of key topics
3. Formulate a testable hypotheses from theoretical foundations
4. Write a complete and persuasive research grant proposal
5. Understand the grant proposal review process
6. Offer constructive advice to other students and researchers through discussing drafts of proposals

Texts:

Pierre Cahuc and Andre Zylberberg, *Labor Economics* (MIT Press 2004) will serve as our main reference for all topics. I abbreviate it CZ hereafter. Other “key readings” listed on the course schedule are available in Blackboard as e-reserves.

I recommend looking at an undergraduate text alongside CZ. There are at least two reasons to look at an undergraduate text: (1) to have a more intuitive view of the material in the assigned graduate text and (2) to keep a sense of what you might be teaching if you pursue an academic career. I like George Borjas, *Labor Economics* (McGraw-Hill), but any standard text will do the trick. I’ve put a copy of Borjas on reserve in the library.

Course activities will be of four main types:

1. *Summarizing the key theoretical constructs of key topics in labor economics*

We will work through each idea as it is taught in Principles, in Intermediate Theory, and (finally) using the calculus. I don’t lecture; I moderate as you help each other through each progression.

2. *Practicing the construction of testable hypotheses*

We will cover fundamentals of household labor supply decisions and firm labor demand

decisions. Then we will work together on ways to expand the basic ideas to generate testable hypotheses for what-if questions.

3. *Mapping the history of key ideas in labor econ*

I have assigned a small number of seminal papers in labor econ. We will all read them as background. For each paper, one PhD student (or a pair of MA or advanced undergrad students) will be assigned to map out the history of thought on the topic, including relationships between papers in the literature. (Think: Comp study outline!) You can use CZ, Borjas, the *Handbooks of Labor Economics* [edited by Orley Ashenfelter and Richard Layard, now available as an AU Electronic Book (obtain access through the library catalog) as well as the AU library stacks ([HD4802 .H36 2011](#))], Google Scholar's "cited by" feature, and any other library resources to investigate important way(s) the literature has developed since the publication of the key paper. The assigned person will provide brief notes on the topic, with bibliography and permanent urls or other link to important paper, and he or she will make a 30-40 minute presentation to the class based on the paper and the notes.

Again: The objective of this assignment is to help yourself and your classmates organize the material in the literature for future reference and comp exam study. I am open to all sorts of ways of organizing and executing this assignment so long as it meets the objective.

4. *Writing a proposal that details how you will execute your original research idea*

Success in research hinges on clear articulation of the research objective and careful planning of the work itself. Writing proposals for research disciplines the researcher and consistently results in better work completed in a shorter time. Moreover, good research is seldom free. You need to buy data, collect new data, visit an archive, do some other type of fieldwork, use hardware or software AU doesn't have. Or you need money to support yourself while you do the research. Grant proposals pay the cost of research. Some pay direct costs, some pay stipends, some both.

The main assignment for the course is to write a grant proposal for an original research idea. If you are approaching the dissertation stage, you might use this as the basis for your dissertation proposal and for a dissertation fellowship application. Or you might actually use it to apply for external money. If you are not yet to the dissertation, rest assured that this exercise will be good practice for your future.

Links and an outline for your proposal is on Blackboard. You will write your proposal little by little. Parts of the proposal will due as indicated on the Course Schedule below.

**All assignments are to be submitted electronically not later than 2:30 p.m. on class days.**

*To be decided:* DropBox or Blackboard?

## Grading

- 40%      Proposal  
*Criteria:* Follows instructions; uses outline; revisions respond to comments.
- 20%      State of the Lit  
*Criteria:* Meets assignment objective and follows instructions.
- 20%      All assignments submitted by 2:30  
*Details:* 5% of course grade deducted for each late assignment, up to 4 late assignments.
- 20%      Preparedness, Participation, Attendance  
*Details:* You'll get a "yellow card" by e-mail after class if I'm concerned about any of these things. 5% of course grade deducted for each subsequent "red card."

## Course Schedule:

<b>Date</b>	<b>In-Class Activities &amp; Readings</b>	<b>What is due at 2:30?</b>
September 2	Goals of the course, introductions, assignments, brainstorming	
September 9	Labor Supply CZ Ch. 1, pp. 1-26	List of research topic ideas
September 16	Endnote tutorial	List of search terms on your research topic
September 23	Labor Supply, part 2 CZ Ch. 1, pp. 27-51 Read all proposal assignment material before class Discussion of proposal writing	Bibliography part 1
September 30	Guest Speaker: Robin Lumsdaine Heckman (1974) + state of the lit MaCurdy (1981) + state of the lit	Human subjects certification form
October 7	Education & Human Capital CZ Ch. 2, pp. 59-102 Willis & Rosen (1979) + state of the lit Ashenfelter & Krueger (1994) + state of the lit	Bibliography part 2

October 21	Angrist & Krueger (1991) + state of the lit Abraham & Farber (1987) + state of the lit Discussion of objectives & aims	First draft of research objective and specific aims for your original research.
October 28	Labor Demand CZ, Ch. 4, pp. 171-211	Revision of objective and specific aims.
November 4	Labor Demand, part 2 CZ Ch. 4, pp. 212-234 Oi (1962) + state of the lit Heckman (1974) + state of the lit	First draft of section V (Research Plan)
November 11	Wage Determination CZ, Ch. 5, pp. 245-275	First draft of section IV (Background)
November 18	Wage Determination & Discrimination, part 2 CZ Ch. 5, pp. 276-298 Brown (1980) + state of the lit Katz & Murphy (1992) + state of the lit	First draft of Project Summary
November 22 (Tuesday classes cancelled; Friday classes meet.)	Meeting with Hansen	Rough draft of full proposal. Use comments in the margin to ask me specific questions or to indicate where you would appreciate advice.
December 2	Goldin (1986) + state of the lit Smith & Welch (1989) + state of the lit	
December 9 Fall classes end	Migration CZ, pp. 605-614 Borjas (1987) + state of the lit Card (1990) + state of the lit	Final Draft of Proposal
December 16 Final exam period	Review Panels	Reviews