

Labor Economics Syllabus (Economics 750)

John Kennan

September 2011

5:30-7:30 TTh

6116 Soc Science

Office Hours (6434 Soc Science): Mondays, 1:30-3:30 (or by appointment)

This course is part of a two-semester field sequence which includes Economics 751. The sequence aims to present a detailed analysis of the main areas in labor economics, and to provide a foundation for original research in the field. Both 750 and 751 stress the interaction between theory and empirical work.

The core material, covered in the first part of the course, deals with labor supply decisions made by rational households, labor demand decisions made by profit-maximizing firms, and the equilibrium wage differentials and employment patterns implied by these decisions when markets are competitive. Applications include the analysis of industry wage differentials, life-cycle age-earnings profiles, and returns to human capital investments. The last part of the course considers various ways in which labor markets may differ from the competitive ideal. Topics include efficiency wages and other incentive schemes, discrimination, bargaining between workers and employers to divide monopoly rents, and unemployment.

This year, 750 will be taught in two half-semester modules (Chao Fu will teach the second half). The first module will cover labor supply and demand, equilibrium wage differentials, and migration. The second module will emphasize dynamic discrete choice models, with life-cycle labor force participation decisions as the main application.

During the semester, you are expected to make substantial progress on a research project in labor economics. The research project might lead to a paper satisfying the labor field paper requirement. At mid-semester you must submit a research proposal. This should describe original research, rather than merely surveying the literature. You must hunt for your own topic, although you are welcome to bounce ideas off me. The proposal is due by October 4.

You will make a classroom presentation during the semester (either in the first or the second module), on a paper (or papers) related to the course material. These presentations will be made by teams of 3-4 students. You must use your own judgement on which paper to present, and you will be asked to discuss the connections between this paper and related work on the reading list.

Grades for this module will be based on three things, with equal weights on each: a (takehome) exam, your research proposal, and classroom presentation and participation. Grades for the semester will be assigned by averaging the grades for the two modules.

The following course materials are available at <http://www.ssc.wisc.edu/~jkenman/teaching/teaching.htm>.

Reading List

Topics

Links to data and other stuff

Assignments