Labor Economics

Course Description:
This course is the first course in labor economics. The major topics covered are: labor supply, labor demand, minimum wages, immigration, Roy model, equalizing differences, wage structure and inequality. Human capital, race and gender wage differentials will be covered in different courses.

Course Requirements:
The requirements are one exam (40%), paper proposal (40%), and class participation (20%). The syllabus contains two types of readings. Readings marked with an asterisk (*) will be emphasized in lectures. Readings marked with (+) are topical papers that will be used for in-class discussions. Many of the readings are available through JSTOR. Those that are not will be made available. Many of the readings are in the Handbook of Labor Economics (vol. 1&2), O. Ashenfelter and R. Layard eds., 1986 and three volumes, (vol 3A-3C), O. Ashenfelter and D. Card, eds., 1999, and 2 new volumes, O.Ashenfelter and D. Card, eds. 2010. I was able to access the later handbooks from the following UH library link:

The undergraduate text Labor Economics by George Borjas, and graduate labor text book, Labor Economics, by Pierre Cahuc and Andre Zylberberg, may also prove useful. In addition, I will be referring to methods used in empirical papers which are covered in depth in the following papers and books.


(1) Exam- scheduled for April 10, 2017. The exam will be in-class and will test your knowledge of the materials covered in class lectures and highlighted readings.

(2) Paper Proposal – The goal is to develop the beginnings of an empirical project by the end of the course. The proposal should be approximately 8-10 pages and should include a literature review and proposed research project including the main hypothesis, description of the data that will be used, and the empirical strategy. Students should schedule appointments with me to discuss their ideas starting the week of February 27th. The proposal will be due on the last day of class, May 1, 2017. More explicit guidelines will be provided.

(3) Class Participation – The readings marked with (+) will be used for class-room discussions. Students are expected to read the papers ahead of time and be prepared to be active participants in class. As part of the class participation grade, students will rotate in leading discussions of these papers.

I. Labor Supply

1. Theory and Background


Updated April 10, 2017
2. Estimation Issues and Strategies


3. Behavioral Anomalies and Other Topics in Male Labor Supply


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4. Female and Family Labor Supply


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II. Labor Demand

1. Background


2. Application: Minimum Wages


3. Application: Immigration


III. Self-Selection: The Roy Model

1. **Immigrant Selection**


2. **More Immigration**


IV. Equalizing Differences

1. **Background**


2. Empirical Estimates and Applications


V. Wage Structure and Wage Inequality

1. Trends and Facts


2. Wage Decompositions


3. Supply-Demand Framework


4. Trade and Immigration


5. Computers and Skill-biased Technical Change


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6. Minimum Wages, Unions, and Firms

Card, D., J. Heining, and P. Kline “Workplace Heterogeneity and the Rise of German Wage Inequality;”, August 2013


