Topics in Labor Economics
Winter 2009
Prof. Paul Heaton
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Class Times: 10:30-12:00 Tuesdays and Thursdays
Office Hours: By appointment

Description: Labor economics as a field has grown enormously in the past several decades. Although originally focused on the interactions between firms and workers, modern labor research examines diverse areas such as crime, family interactions, time-use, and education. The purpose of this course is to review a number of topics of interest to labor economists, outlining the relevant theoretical work and empirical evidence. Particular emphasis will be given to identifying data sources that will be useful for students in their own empirical work, as well as furthering students’ understanding of the empirical methods used by labor economists.

Prerequisites: Students should be comfortable with microeconomic reasoning and basic econometric methods (such as regression analysis) and be sufficiently familiar with a statistical software package to conduct their own empirical analyses. Successful completion of the first year PRGS core or a strong prior background in economics are good indicators of adequate preparation for this course.

Requirements: Grading for the course will be based upon the following criteria:

20% Class participation
40% In-class presentations
40% Paper

Each student will be required to make several brief presentations over the course of the class. At least one will be a presentation on a data source used by labor economists that describes where the data source can be found, the nature of the sample and variables, and potential research uses. Another will be a presentation describing one of the papers on the reading list, including a discussion of its major arguments, empirical methods, and the strengths and limitations of the research. Data sources and presentations will be assigned in advance by the instructor. For the paper presentations, presenters will be randomly selected at the beginning of class based upon the readings assigned for that particular lecture.

The paper requirement for the class is a write-up of what I would term a “fast first cut” of data. It does not have to be a formal and complete research report, but rather a description of a research idea along with an exploratory analysis designed to test the feasibility of the idea. At a minimum, the report should contain 1) A clear research question related to labor economics and 2) Data and statistical analysis. Being able to identify an interesting research question and then quickly assemble data to provide a preliminary answer is an essential skill, both for producing a good dissertation and for your future employment. To facilitate completion of the paper, students are required to review their paper idea with me prior to the midpoint of the term (February 6).
Text: There is no required text for the course other than the course readings. Students may find it helpful to consult textbooks on microeconomic theory and econometrics, such as Varian’s *Intermediate Microeconomics* and Wooldridge’s *Introductory Econometrics: A Modern Approach* and *Econometric Analysis of Cross-Section and Panel Data*.

Course Schedule: The first half of the course will cover several traditional labor topics involving the determination of market wages. The second half of the course includes modules addressing other interesting areas of labor economics. Topics will typically be introduced by outlining the major theoretical models, followed by a discussion of recent empirical work.

1. Returns to Schooling (2 Weeks)


Required Readings


Other Readings

2. Tournament Models (1 Week)


Required Readings


3. Monopsony and Imperfect Competition in the Labor Market (1 Week)


Required Readings


4. Self-Employment and Entrepreneurship (2 Weeks)


Required Readings


5. Economics of the Family (1 Week)

Required Readings


6. Crime (1 Week)


Required Readings

Paul Heaton, “Understanding the Effects of Anti-Profiling Policies”, manuscript, RAND


**Other Readings**


**7. Discrimination (1 Week)**


**Required Readings**


**Other Readings**


Time permitting, the final week of the course will cover a topic selected by the class members.