EC 885: Analysis of Labor Markets

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Course Description

This course is designed to both increase your knowledge of current and traditional areas of research in Labor Economics, and to facilitate practical improvements in your ability to carry out original research. The reading list which follows therefore, is not a complete listing of relevant research on the topics covered; that can be easily accessed in the Handbook of Labor Economics. Instead the list highlights both important contributions and recent innovations toward answering questions of interest. An important goal of the course is to develop your ability to critically read research, noticing the drawbacks and potential areas for improvement. Another goal of the course is to develop your computational abilities, so the first section will involve reading articles, as well as discussing and completing programming assignments.

Course Structure

The course will be divided between lectures and student presentations of papers. Active participation in lectures and student presentations is required by everyone. Toward this end you will be required to write at least two questions for each paper we cover in class, in advance of the lecture or presentation. In addition the topics covered below, we will generally discuss the microeconometrics-seminar paper for that week. Part of your class obligation will be to attend the seminar. Also you must complete an original research proposal by the end of the course. It must include a proposed question to answer through research, a modeling and empirical strategy for the use of data, progress on accessing the data, and hopefully some preliminary results. A proposal is due October 29th, the paper is due at the end of the course.

Grading

Your grade will be based on your presentation, participation in other presentations, computational problem sets, attending the labor seminars, producing a research proposal and a final exam. The weighting scheme is as follows:

Final: 30%
Presentation: 20%
Problem Sets: 20%
Research Proposal: 20 %
Participation: 5%
Attending Seminars: 5%

**Academic Integrity**

Boston College values the academic integrity of its students and faculty. It is your responsibility to familiarize yourself with the university’s policy on academic integrity: www.bc.edu/offices/stserv/academic/resources/policy.html#integrity.
If you have any questions, always consult your professor. Violations of academic integrity will be reported to your class dean and judged by the academic integrity committee in your school. If you are found responsible for violating the policy, penalties may include a failing grade as well as possible probation, suspension, or expulsion, depending on the seriousness and circumstances of the violation.

**Textbook**

The textbook the first section is Ken Train’s *Discrete Choice Methods with Simulation*, an invaluable resource which is also free, available at: http://elsa.berkeley.edu/books/choice2.html

**Abbreviations**

Some journal articles are referred to by the abbreviations below. Articles are most easily accessed via Google Scholar from within the BC network (at home use BC VPN client). Those not available online will be provided via the BC Library E-reserve program or from me on Blackboard.

- AER - American Economic Review
- HLE - Handbook of Labor Economics
- IER - International Economic Review
- JASA - Journal of the American Statistical Association
- JPE - Journal of Political Economy
- QJE - Quarterly Journal of Economics
- RAND - Rand Journal of Economics
- REStat - Review of Economics and Statistics
- RESStud - Review of Economic Studies

**Reading List**

1. **Solving and Estimating Dynamic Discrete Choice Models**
   
   8 lectures
Part I: Static Discrete Choice with GEV Errors

- *Train, K. (2003) “Discrete Choice Methods with Simulation” Chapters 1, 2, 3-3.3.2 and 3.5, 4
- *Bresnahan, Stern, and Trajtenberg (1997) RAND

Part 2: Dynamic Discrete Choice


Part 3: Dynamic Discrete Choice with Unobserved Heterogeneity

- *Arcidiacono and Miller sections 5, 7.1-7.2
- Arcidiacono and Miller sections 4, 7.3

2 Economics of the Family

5 lectures

IG and IH Transfers

- Goldberger, A.S. (1989) “Economic and Mechanical Models of Intergenerational Transmission”, AER (see also Becker’s reply)
- Solon, G. “Intergenerational Mobility in the Labor Market” HLE, chapter 29


• Cox, D. and Fafchamps, M. “Extended Family and Kinship Networks: Economic Insights and Evolutionary Directions” Handbook of Development Economics Ch. 58


Child Quality and Fertility


Out-of-Wedlock Childbearing


3 Program Evaluation

2 lectures


Controlled experiments


Other evaluation techniques


4 Peer effects

2 lectures


5 Labor demand

Minimum wage
2-3 lectures


Compensating Differentials and Discrimination

Compensating Differentials - 1 lecture


Discrimination - 3 lectures

- Altonji and Blank. (1999)“Race and Gender in the Labor Market” Handbook of Labor Economics Vol 3c chapter 48(GET FROM PETER)


**Efficiency wages**

2 lectures


• Krueger, A.B. and Summers, L.H. (1988)“Efficiency Wages and the Inter-industry Wage Structure” Econometrica