The goal of this course is to provide you with ideas and analytical tools for understanding a wide-range of topical issues in labor economics and applied microeconomics.

Labor economics is a vast field and this is one example of the myriad of basic courses one could teach (Drew Beauchamp’s first semester course gave you a very different perspective). The first part of the course will focus on the basic theory of labor supply and demand. It will be followed by an overview of the literature on inequality (which is an application of labor demand theory and focuses on estimating the elasticity of substitution between inputs into a production function). Next, we will discuss various econometric techniques and their applications to labor economics (especially labor supply and wage inequality). Then, I will provide a short introduction to search and matching models. Finally, we will discuss the effects of unemployment insurance in the context of hazard models.

Required Text:
The course will be based primarily on papers, lecture notes and book chapters. However, I and many other labor economists find the following texts helpful:

Course Outline and Readings

1. Basics of Static Labor Supply and Labor Demand Theory
   a. Labor Supply:
b. Labor Demand:


2. Wage Inequality

a. Skill Premia and Technology


b. Immigration


3. Econometric Methods as Applied to Labor Supply and Wage Inequality

a. Introducing some Basic Problems and Solutions


b. Decomposing Quantities and Prices


c. Difference-in-Difference


d. Regression Discontinuities


e. Propensity Score Matching


**f. Control Functions (the Roy Model)**


**g. Instrumental Variables**


**4. Search, Matching and Unemployment**


**5. Unemployment Insurance**

