

ECON674/ECON-789
Labor II/Seminar in Labor Economics
Professor Mary Hansen
Spring 2010

This course is the second in the two-semester labor field sequence. The sequence introduces the main research areas in labor economics and provides a foundation for original research in the field. The first course stressed estimation strategies; this course stresses the research process, especially building testable hypotheses from foundations. It is not essential that both courses be taken, but together the courses provide preparation for the labor comp and support for pre-dissertation exploration of topics of interest to students. By the end of the course each student will have a working draft of a proposal for a book-type dissertation or for one essay in a multiple-essays-type dissertation.

Specific learning objectives:

After completing this course, students will be able to...

1. Explain the foundations of labor supply, labor demand, and select other topics in labor economics
2. Formulate a testable hypotheses from foundations
3. Write a complete and persuasive research grant proposal
4. Understand the grant proposal review process and the journal article review process
5. Offer constructive advice to other students and researchers through discussing drafts of proposals and refereeing journal articles

Class meetings will be of three types:

1. *Practicing the construction of testable hypotheses*
We will cover fundamentals of household labor supply decisions and firm labor demand decisions. Then we will work together on ways to expand the basic ideas to generate testable hypotheses for what-if questions. There will be no other readings assigned for these two days. (But note that during these weeks you will be doing lots of background searching and reading for your own research proposal project. Details of the research proposal project appear in a Blackboard folder.)
2. *Following the history of topics in labor econ and critiquing working papers*
For each of these class meetings I have assigned a small number of key papers on topics you indicated are of interest. We will all read the key papers as background. Each of you will then use Google Scholar to investigate the way the key paper has been used. Finally, you will seek out a working paper in SSRN, RePac, or other sites (but NOT in the NBER working paper series because, while these are state-of-the-art, they are also pretty much ready for publication) that cites one of the key papers. You will read the working paper and write a referee report on it. In class three or four of you will give a presentation about "your" working paper and referee report. More information about the required format and how to write referee reports appears under separate cover on Blackboard.
3. *Discussing the process of research with guest speakers*
I invited guest speakers who are experts in topics that you indicated are of interest to you in the pre-course survey or are friends/alums doing research in various types of employment (academic/teaching, academic/non-teaching, government agency, private not-for-profit, and international NGO). We will also take part in a PGAE event to honor Barbara Bergman that will feature a panel of feminist economists who will be discussing the future of women in the workforce. For these meetings the speakers will let me know how they would like you to

prepare. I will pass this information along to you as I receive it from them. I expect to also have time during these class periods to discuss progress on your projects.

Text

Pierre Cahuc and Andre Zylberberg, *Labor Economics* (MIT Press 2004) will serve as our main reference for all topics. Other “key readings” listed on the course schedule are available in Blackboard under “Course Documents.”

If you would like to look at an undergraduate text, I recommend George Borjas, *Labor Economics* (McGraw-Hill). I’ve put this book on reserve in the library. There are at least two reasons to look at an undergraduate text: to have a more intuitive view of the material in the assigned graduate text and to keep a sense of what you might be teaching if you pursue an academic career.

In addition to the many introductory econometrics books on the syllabus from last semester, I recommend that you peruse the mini-courses on “What’s New in Econometrics” at <http://www.nber.org/>.

Comp-takers should also peruse the *Handbook of Labor Economics*, edited by Orley Ashenfelter and Richard Layard, which is an encyclopedic review of labor econ literatures and is in the AU library stacks: [HD4802 .H36](#). Other readings for comp-takers are listed with topics on the course schedule.

Grading

Half of the points for each item are earned by on-time completion; all assignments are due at 2:10 on the due date indicated in the course schedule. No exceptions. The other half of the points are awarded for careful, correct work.

Items related to grant proposal project

- There are nine drafts of components of the research grant proposal project (five drafts of bibliographies, one draft idea and testable hypothesis, one draft of the summary, one draft of the relationship to prior work and strategy, and one complete rough draft): 10 points each*9=90 points
- There is one review of another person’s grant proposal: 10 points
- The final draft of the research grant proposal project: 50 points

Items related to referee reports

- There are four referee reports: 15 points each*4=60 points
- There is one presentation of a paper and referee report: 40 points

Total points: 250.

Course Schedule Spring 2010

Date	Topic and Readings	Work Due
1/15	Goals of the course, assignments, an example from my research; introductions, brainstorming	
1/22	<p>Labor Demand</p> <p>Review of the theory that describes how firms choose how many hours of work to purchase from workers and how many workers to employ.</p> <p>Additional reading for comp-takers: Daniel S. Hamermesh, <i>Labor Demand</i> (Princeton: Princeton Univ. Press 1993). In AU library stacks: HD5706 .H36</p>	<p>Bibliography draft 1:</p> <p>Spend at least a day this week identifying and reading existing research on your research topic/method. Describe the searches have you completed and list the publications have you identified as potentially useful so far. Use Chicago/Turabian author-date format.</p> <p>I strongly recommend that you learn to use Endnote or a similar program. Endnote lets you download bibliographies straight from the library's databases and format them however you like.</p>
1/29	<p>Guest speaker: Nicole Brown, department alumna, now a staff researcher at Georgetown University's Center for Education and the Workforce. Nicole will discuss the Center's projections of education and labor demand. See http://cew.georgetown.edu/research/jobs/79012.html. Readings TBA.</p>	<p>Bibliography draft 2. Put in at least another full day of library work and reading this week. Describe the new searches you have completed and list useful publications.</p>
2/5	<p>Guest speaker: Laura Sherbin, department alumna, now Vice President and Director of Research at the Center for Work-Life Policy. Laura will discuss her work on survey research at the Center. See http://www.worklifepolicy.org/index.php. Readings TBA.</p>	<p>Bibliography draft 3. Put in another at least another full day. By this time you should be able to identify the key papers on the topic. Indicate which papers in your bibliography are key with a *.</p>
2/12	<p>Labor Supply</p> <p>Review of the consumer theory that describes how people choose to participate in the labor market, how many hours they choose to work. Basic comparative statics allow us to define the wage elasticity of labor force participation and labor supply. We will cover the material on pp. 3-18 of CZ and work together to set up some comparative statics (that is, predictions or testable hypotheses) for the following what-if questions:</p> <ul style="list-style-type: none"> What if the legislature enacts a maximum hours law? How might this alter the supply of labor and its 	<p>Bibliography draft 4. Put in at least another full day. By now should be able to identify which papers in your bibliography are the lead-ins to your work. Indicate these papers with a +.</p>

	<p>elasticity? (Maximum hours laws say that the MOST anybody is allowed to work any giving job is X hours. In some occupations, such as trucker or pilot, the number of hours is strictly limited to be hours\leqX. In other occupations, if hours$>$X then the worker must be paid a premium over the regular wage, for example 1.5w.)</p> <ul style="list-style-type: none"> • What if it takes a long time to get to work? How might we incorporate commute time into the basic model of labor supply? What might this tell us about the effects of technological change that could make telecommuting possible? • What if there is some time-saving innovation (such as modern plumbing)? How might adoption of it alter the allocation of time to household production and market work? <p>Additional readings for comp-takers: Heckman, J.J. (1993). What has been learned about labor supply in the past twenty years? <i>American Economic Review</i> 83(2): 116-121. Blundell, R., Chiappori, P., Magnac, T. and Meghir, C. (2007). Collective labour supply: Heterogeneity and non-participation. <i>Review of Economic Studies</i> 74: 417-445.</p>	
2/19	<p>Class time plus evening. The PGAE is holding an event to honor the contributions of Barbara Bergman. The event features a panel of distinguished feminist economists including Francine Blau and Nancy Folbre who will be discussing the future of women in the labor market. Details TBA. Readings TBA.</p>	<p>First draft of idea for your original research, including your testable hypothesis. This is likely to take the better part of a day to write clearly.</p>
2/26	<p>Guest speaker: Robin Lumsdaine, Professor, Kogod, American University. Robin will talk about the economics of retirement and aging including reference to caregiving.</p>	<p>Bibliography draft 5. Wrap it up.</p>
3/5	<p>Critiques of working papers on human capital and education Key papers: Ashenfelter & Krueger (1994) Card & Krueger (1992) Psacharopoulos (1985)</p> <p>Other classics (for your reference. comp-takers should skim at least): Becker, Gary. <i>Human Capital</i> (New York: NBER 1964). AU library stacks: LB2321 .B27 Mincer, J. <i>Schooling, Experience and Earnings</i> (New York: NBER 1974). AU library stacks: HD4973 .M55. Spence, Mark. <i>Market Signaling</i> (Cambridge: Harvard Univ. Press 1974). AU library stacks: HD5707 .S7.</p>	<p>Referee report Presentation for some</p>

	Becker, G., and G. Ghez. <i>The Allocation of Time and Goods Over the Life-Cycle</i> . New York: Columbia University Press, 1975. AU library stacks: HB501.5 .G48. Lazear, Edward P. <i>Personnel Economics</i> . Cambridge: MIT Press, 1995. (Not in AU stacks, but available through Consortium.)	
3/12	Spring Break; no class meeting	
3/19	Guest speaker: Peter Meyer, Research Economist, Bureau of Labor Statistics, Division of Productivity Research and Program Development. Peter will discuss his work on (re)defining occupations for the BLS and his efforts to enhance intra-governmental coordination. (May be March 26 instead.) See http://www.bls.gov/dpr/meyer.htm . Readings TBA.	First draft of proposal summary
3/26	Critiques of working papers on discrimination Key papers: Phelps (1972) Oaxaca (1973) Neumark (1988)	Referee report Presentation for some
4/2	Guest speaker: Joe Sabia, Assistant Professor, Dept. of Public Administration and Policy, American University. Joe will discuss either his research on risky behaviors or his research on the minimum wage. See http://www.american.edu/spa/faculty/sabia.cfm . Readings TBA.	First draft of relationship to prior work and research strategy
4/9	Critiques of papers on technological sources of wage inequality Key papers: Acemoglu (2002) Goldin & Katz (1998)	Referee report Presentation for some
4/16	No class meeting; individual meeting with Hansen on grant proposal project.	Bring current draft of full proposal and a list of things you are having trouble with
4/23	Critiques of papers on poverty policy in the U.S. Key papers: Blank (2002) Moffitt (1992)	Referee report Presentation for some
4/28		Final draft of proposal uploaded by midnight.
4/30	Final Exam Period: Grant proposal review panel.	Read all summaries; prepare review of assigned proposal.