



# *The Hebrew University of Jerusalem*

## *Syllabus*

### *LABOR ECONOMICS FOR M.A. STUDENTS - 57862*

*Last update 10-09-2013*

*HU Credits: 4*

*Degree/Cycle: 2nd degree (Master)*

*Responsible Department: Economics*

*Academic year: 2014*

*Semester: 1st Semester*

*Teaching Languages: English*

*Campus: Mt. Scopus*

*Course/Module Coordinator: Hausman*

*Coordinator Email: [naomi.hausman@mail.huji.ac.il](mailto:naomi.hausman@mail.huji.ac.il)*

*Coordinator Office Hours: Tues, 15:00-16:00*

*Teaching Staff:*

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Dr. Naomi Hausman

Course/Module description:

*This is a graduate course in labor economics, appropriate for graduate students in the Department of Economics and other students with preparation in microeconomic theory and econometrics. The course teaches core topics in the field of labor economics as well as empirical methods for applied microeconomic analysis. The goal is for you to emerge from the course not only knowing about these topics, but also having a much stronger grasp of how to do research in empirical microeconomics.*

*The syllabus looks very long. Fear not. Many of the readings listed are simply included as a guide to the literature, which you may find helpful at various points this year or later, as you look for papers on particular topics. Only the starred readings are required; those are the ones that will be emphasized in lectures, though others may be referred to.*

*There is a textbook for the course, available at the Akademon: Labor Economics, Sixth Edition, by George Borjas (McGraw Hill 2013). Although it is aimed at undergraduates and so does not contain significant math or formal models, it is quite useful for background and intuition on the topics we discuss. More sophisticated treatment of the same topics can often be found (sometimes a bit dated) in the Handbook of Labor Economics, published by Elsevier Science and available online from Science Direct through the University library system. An excellent guide to the key empirical methods used in labor economics is Mostly Harmless Econometrics, by Joshua Angrist and Jorn-Steffen Pischke, Princeton University Press 2009.*

Course/Module aims:

*The goal is for you to emerge from the course not only knowing about these topics, but also having a much stronger grasp of how to do research in empirical microeconomics.*

Learning outcomes - On successful completion of this module, students should be able to:

*Understand and explain important concepts in labor economics, both topical and methodological.*

Attendance requirements(%):

*As you wish, but class participation is 5% of the grade.*

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Teaching arrangement and method of instruction: Lectures, readings, referee reports, and a final exam.

Course/Module Content:

1. Human Capital (Lectures 1-4)
  - a. Human capital investment: theory and basic facts; estimating the return to schooling
  - b. Signaling, screening, and learning models of education and earnings
  - c. Estimating the labor market returns to school quality and school inputs
  - d. The program evaluation problem and estimating returns to training
  - e. Program evaluation: evaluating the effects of school policies on student outcomes
  - f. Topics in education reform
2. Labor Supply (Lecture 5)
  - a. Labor Supply I: Tax and Transfer Programs
  - b. Labor Supply II: Intertemporal Labor Supply
  - c. Labor Supply III: Household and Family Labor Supply
3. Self-Selection and Earnings: equalizing differences vs. segmented labor markets (Lecture 6)
  - a. Self Selection and Immigration: theory and evidence
  - b. Equalizing wage differentials
  - c. Segmented labor markets? Industry and establishment wage differentials
4. Spatial Equilibrium (Lecture 7)
  - a. Spatial equilibrium: theory and evidence
  - b. Cities and skills
5. Catch-up Day
6. Job Matching and Internal Labor Markets (Lecture 9)
  - a. Job matching, turnover, and earnings
  - b. Asymmetric information and internal labor markets
  - c. Agency, incentives and wage determination
7. Labor Demand (Lecture 10)
  - a. Basic models of labor demand: comparative statics and Marshall's rules
  - b. The economics of unions: union wage and employment determination
  - c. Labor demand applications: the minimum wage, wage subsidies, and monopsony
8. Wage Structure Changes and Earnings Inequality (Lectures 11-12)
  - a. Wage structure changes: facts and supply-demand-institutions analysis
  - b. Technological change and wage inequality
  - c. Labor market institutions and wage inequality
  - d. Globalization I: immigration and the wage structure
  - e. Globalization II: international trade, offshoring, and wages
9. Labor Market Discrimination and Group Differences in Labor Market Outcomes (Lecture 13)
  - a. Labor market discrimination: theory, tests, and racial wage gaps
  - b. Male/female wage differentials and changes in the gender earnings gap

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Required Reading:

The main readings for the course are research papers and survey articles, available online through the Hebrew University library system. Many of the readings can be procured directly from me in a zip file if you come to my office hours with a USB drive (more recent papers will not be in this set).

In addition, the course has a textbook for important background and intuition on the topics discussed. I will include chapter references as background reading for each lecture or set of lectures. The citation is: Borjas, George J., *Labor Economics*, 6th Edition, 2013 (available at the Akademon). A second book, with sections you will surely want to reference when writing a research paper, is a very light and application-focused econometrics textbook: Angrist, Joshua, and Jorn-Steffen Pischke, *Mostly Harmless Econometrics*, Princeton University Press, 2009.

Again, the syllabus has a fairly long list of article references, but only the starred articles are required reading for each lecture. It is expected that you read starred articles before class so that you may contribute to vibrant in-class discussions. Be smart about how you read – certain parts of a paper are more important than others if your main goal is to understand what this paper does and how it contributes to the literature.

Additional Reading Material:

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Course/Module evaluation:

End of year written/oral examination 85 %

Presentation 0 %

Participation in Tutorials 5 %

Project work 0 %

Assignments 0 %

Reports 10 %

Research project 0 %

Quizzes 0 %

Other 0 %

Additional information:

Ask instructor for complete syllabus.