The goal of the course is to provide a selective overview of more “structural” methods in labor economics and empirical micro, including single period models and dynamic choice problems. Students are assumed to be familiar with basic econometrics and consumer demand theory, and with “reduced form” methods such as regression, instrumental variables, etc.

Three recommended text books are:

J. Angist and S. Pischke, *Mostly Harmless Econometrics*. Princeton Press, forthcoming 2008. I have managed to get an advanced copy of this text -- paper copies will be available to class members. This is highly recommended for people who want to catch up on classic reduced form methods.


These three are all relatively easy reading. I also recommend the “What’s New in Econometrics?” (WNiE) lectures by G. Imbens and J. Wooldridge (especially lectures 6, 11, 9, and 7, in that order) which are available at the NBER website.

Preliminary Outline (Incomplete and subject to additions/changes).

1. **Introductory Lecture: Structural vs. Alternative Approaches**

   *Background reading:*

2. **Simple Static Choice Models**


   *Background reading:*
   - WNiE lecture 7.


3. Family Decision-Making


Background Reading:


4. Discrete Choice (Know Your Logits)

a. Introduction


WNiE, lecture 11.

J. Hastings, T. Kane and D. Staiger “Parental Preferences and School Competition: Evidence from a Public School Choice Program” NBER WP 11805, November 2005
**Background Reading:**


b. Market Models Using MNL


c. Application to Housing Markets


**Background Reading**


d. Extension: Nested Logits

K. Train, Chapter 4.


5. Dynamic Discrete Choice Based on Logits

a. Basic Theory and Extensions

*note: I will present this material in a series of 3-4 lectures. The order of presentation will vary from the order the papers are listed here.*


**Background Reading**


b. Two Applications


Kevin Stange. “An Empirical Examination of the Option Value of College Enrollment.”

6. Dynamic Choice without Logits

a. Basic Theory

Adda and Cooper, Chapters 2, 3, 6.

D. Acemoglu, Growth Theory (text in progress) chapter 16

Christopher Carroll “Lecture Notes on Solution Methods for Microeconometric Dynamic Stochastic Optimization Problems” (available at his website)

**b. Applications to Labor Economics**


**Background Reading**

