Economics 250a
Course Outline and Reading List

This is the first course in the graduate labor economics sequence, and will focus on labor supply, labor demand, simple search models, and human capital. The emphasis of the course is on linking basic theoretical insights with empirical patterns in the labor market, using a combination of methodologies. Students are expected to have completed first year micro, marco, and econometrics courses. There will be a number of problem sets throughout the term, which all students must hand in (though working in groups is strongly encouraged). Students are expected to have familiarity with programs like Stata and Matlab.

I will be adjusting the content of the course and adding some additional readings. I will also hand out my lecture notes. I recommend reading the starred paper(s) in each section before the lecture, and as many of the other papers as possible.

Lecture 1: Review of basic consumer theory; functional form, aggregation, discrete choice
Mas-Colell, Whintoe and Green, chapters 3 and 4.
Geoffrey Jehle and Philip Reny, Advanced Microeconomic Theory (2nd ed), Addision Wesley, 2001

Lectures 2-4: Static Labor Supply
**You should review the Handbook of Labor Economics chapters by Pencavel (volume 1) and Blundell and MaCurdy (volume 3a). An updated version of the latter is:
Richard Blundell, Thomas MaCurdy and Costas Meghir. "Labor Supply Models: Unobserved Heterogeneity, Nonparticipation, and Dynamics" Handbook of Econometrics volume 6, 2007. This is not easy to read but covers a lot of material.

Other readings we will cover in class:
Jerry Hausman, "Exact Consumer’s Surplus and Deadweight Loss" Am Econ Review 71 (Sept 1981), 662-676


As part of problem set #3 you will also try to update the analysis in:


** Lectures 5-6: Dynamic Labor Supply


** Lecture 7: Structural Modeling of Intertemporal Choice (introduction)


Lecture 8-9: Labor Demand


**Lecture 10-11: Search Models (an Introduction)**


Other papers we’ll mention:


**Lecture 12-13: Education and Human Capital**


Orley Ashenfelter and Cecilia Rouse (1998) "Income, Schooling and Ability: Evidence from a New Sample of Twins" QJE 113 (Feb 1998), 253-284
