Economics 250a  
Partial Course Outline and Reading List

This is the first course in the graduate labor economics sequence, and will focus on labor supply, labor demand, local labor markets, and simple search models. 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  
This is background material - no lecture given - but I will hand out notes.
Geoffrey Jehle and Philip Reny, Advanced Microeconomic Theory (2nd ed), Addison Wesley, 2001
Jerry Hausman, 'Exact Consumer’s Surplus and Deadweight Loss’ Am Econ Review 71 (Sept 1981), 662-676

Lectures 2-4: Static Labor Supply  
**You should review the Handbook of Labor Economics chapters by Pencavel (volume 1) and Blundell and Macury (volume 3a). An updated version of the latter is:
Richard Blundell, Thomas Macury 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:


As part of problem set #2 you will also try to update the analysis in:


**Lectures 5-6: Dynamic Labor Supply**


Altonji, Joseph G & Segal, Lewis (1996). 'Small-Sample Bias in GMM Estimation of Covariance Structures,' *Journal of Business & Economic Statistics*, 14(3): 353-66. We can only touch on this topic: for a lot more, see Econ 244.


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


**Lecture 8-9: Labor Demand**


David Card and Thomas Lemieux. 'Can Falling Supply Explain the Rising Returns to College for Young Men? A Cohort-Based Analysis.' *QJE* 116 (2001): 705-746


