LABOR ECONOMICS I

Spring 2004
ECON 670 (001)
TR 1:30 -2:45
Saunders, Room 244
Professor SH Lee

Course Outline

The goal of the course is twofold: to survey existing research on a number of topics of current interest in labor economics, and to develop students' abilities to engage in original research at the doctoral level. To help achieve the latter goal, there is a fairly heavy emphasis on the modeling approaches and empirical analysis that are associated with each of the areas. The topics covered include labor supply and demand, the human capital model, changes in wage structure, earnings inequality, mobility and migration, and gender and discrimination in labor markets.

Because of the empirical bend of this course and of labor economics in general, it is essential that you have an understanding of modern empirical methods in economics. At the end of the course, you are expected to understand how problems such as simultaneity, omitted variables, and measurement error affect ordinary least squares estimates. You will also learn what panel data estimation techniques, and techniques employed in estimating simultaneous relationships and in the presence of limited dependent variables.

Course Requirements

There are four requirements. First, students must complete two empirical exercise (40%). Two, students must submit and present a research paper (30%). Four, students must take the final exam (30%). Late work is not accepted in this course.

Empirical Exercise

There will be two exercise in which students are given access to a standard data set, and asked to assemble evidence on a topic covered in a set of papers that we are discussing in class. I will announce the due date later in class. This project will undoubtedly entail major time commitments, even for those students who have developed computer skills. Students are also strongly encouraged to help each other out in learning how to use the computers, appropriate software and data manipulation. However, students are not allowed to pair off with another student in data manipulation, nor writing up the final paper. Students should start on these early in the semester, and work on them throughout the semester. The quality of writing will be an important determinant of the grade on the exercise.
Project/paper

Students should submit a term paper. This is envisioned as the nucleus of a final paper, with only the actual empirical work or fully-developed theoretical model missing. It should have many components of a final paper, including introduction, and literature review. If it is to be a theoretical paper, it should include a discussion of data and econometric strategy, including anticipated problems and proposed solutions. If it is to be an empirical paper, it should include preliminary results and proposed extensions. This proposal might serve as a basis for paper you will write while in graduate school. Students should feel free to consult with other professors. These papers will be due May 10. Students should start on these early in the semester, and work on them throughout the semester.

Final Exam
Students should take the final exam. Final exam is scheduled at 12:00 - 2:00, May 11 (T).

Help:   Office Hours: TR 9:00-10:20
        Office: Saunders 512
        Phone: 956-8590
        E-mail: leesang@hawaii.edu
        Web: www2.hawaii.edu/~leesang/

Computer Lab: PC Lab, 342, TR 1:30-3:00, during regular class hours.
**Reading List**

There are no required texts. However, students may find it helpful to have access to a number of good econometrics texts and monographs which cover OLS, instrumental variables, panel data, and models with qualitative and limited dependent variables. The reading list is limited to the required readings for the course. Some of our readings come from Ashenfelter, Orley C. and David Card ed. 1999. Handbook of Labor Economics Volume 3A, 3B and 3C, North-Holland (Handbook 3A/3B/3C). Because students may not want copies of every paper, I have not made a course pack. However, I assigned it at the Sinclair library for students to borrow. I also made it possible for students to borrow copies of all of the readings during course.


I. Empirical Strategies


II. Labor Supply


III. Labor Demand and Minimum Wage


IV. Wage Determination-The Human Capital Model

General Theory


Evidence on Returns to Schooling


**Evidence on Returns to Experience and Tenure**


**Evidence on Returns to Marriage**


**Evidence on Age-Earnings Profile**


V. Changes in Wage Structure and Earnings Inequality


VI. Mobility and Migration

Job Mobility


Immigration


VII. Policy Issues

1. Public Sector Labor Market


2. Gender and Discrimination in Labor Markets


Theory


Methodology


Evidence


3. Other Policy Issues


