

**Economics 8676- Labor Economics  
Fall 2006**

**M/W 12:00-1:15 ECON 5**

**<http://www.colorado.edu/Economics/courses/mckinnis/econ8686>**

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**Office Hours**

MW 11-12 , Thurs 10-11, and by appointment

**Course Description**

This is a graduate survey course in labor economics. The first 6 weeks of class will be a mini-course in applied econometric tools. This material will be tested on the first mid-term. The remaining 9 weeks of the semester will cover 3 key topic areas in labor economics: labor supply, human capital, and economics of the family. This material will be tested on the second midterm.

A primary goal of this course is to teach you to read and understand papers beyond the superficial “introduction and conclusion” summary. Over the course of the semester, we will discuss approximately 30 papers in class. Using the attached schedule, you are expected to bring a copy of the paper on the appropriate day, to have read the paper prior to class, and to be prepared to answer questions regarding the content of the paper if asked to do so.

There will be 7 problem sets, approximately 1 every 2 weeks. The predominant requirement of the problem sets will be to estimate and interpret econometric models with data, although theory exercises will occasionally be required as well.

The tentative schedule for the problem sets is:

PS#1- Differences-in-Differences, Panel Data, Due 9/15

PS#2- Instrumental Variables, Due 9/29

PS#3- Measurement Error, Due 10/13

PS#4- Labor Supply Estimation, Sample Selection, Due 10/27

PS#5- Ashenfelter and Krueger Twins Data, Due 11/10

PS#6- Training Program Evaluation, Matching, Due 12/1

PS#7- Economic Demography, Due 12/15

The final grades in the course will be determined by:

Midterm Exam: 30%

Final Exam: 40%

Problem Sets: 30%

# Reading List and Schedule

## I. Applied Econometrics

8/28, 8/30-Introduction, Differences-in-Differences

Eissa, Nada and Hilary Hoynes. 2004. "Taxes and the labor market participation of married couples: the earned income tax credit." *Journal of Public Economics*. 88: 1931-1958.

9/6- Panel-Data, Fixed-Effects

## **II. Labor Supply**

10/9, 10/11- Intro to Static Model

10/16, 10/18- Empirical Estimation of Static Model

Cogan, John. 1981. "Fixed Costs and Labor Supply." *Econometrica*. 49:945-63.

Burtless, Gary and Jerry Hausman. 1978 "The Effect of Taxation on Labor Supply." *Journal of Political Economy*. 86:1103-1130.

Gelbach, Jonah. 2002 "How Large an Effect Do Child Care Costs Have on Single Mothers' Labor Supply? Evidence Using Access to Free Public Schooling." *American Economic Review* 93:307-22.

10/23, 10/25- Life-Cycle Model

MaCurdy, Thomas. 1981 "An Empirical Model of Labor Supply in a Life-Cycle Setting." *JPE* 89:1059-85.

Altonji, Joseph. 1986, "Intertemporal Substitution in Labor Supply: Evidence from Micro Data." *JPE* 94:S176-S215.

10/30- Behavior Economics and the Life-Cycle Model

Camerer, Colin, Linda Babcock, George Lowenstein and Richard Thaler. 1997. "Labor Supply of NYC Taxi Cabdrivers: One Day at a Time." *QJE* 112:407-41.

## **III. Human Capital**

11/1 Human Capital Model

Becker, Gary. 1962. *Human Capital*. Chapter 2.

Mincer, Jacob. 1974. *Schooling, Experience and Earnings*. Chapters 1-2.

11/6, 11/8 Estimating the Returns to Schooling and School Quality

Ashenfelter, Orley, and Alan Krueger. 1994. "Estimates of the Economic Return to Schooling from a New Sample of Twins." *AER* 84:1157-73.

Card, David and Alan Krueger. 1992. "School Quality and Black-White Relative Earnings: A Direct Assessment." *QJE* 107: 151-200.

Card, David and Alan Krueger. 1992 "Does School Quality Matter? Returns to Education and the Characteristics of Public Schools in the United States." *JPE* 100:1-40.

