This syllabus contains important information about this class including exam dates, class policies, and a reading list. This syllabus provides a general plan for the course; deviations may be necessary.

Office: 306C Gardner Hall
Office Hours: Wednesdays after class or by appointment
Office Phone: 966-3669
Email Address: kpeter@unc.edu
Class Schedule: 9:30-10:45 am M, Gardner – Rm 307
Prerequisite: ECON710 or permission of the instructor.

I. COURSE DESCRIPTION

Econ 880 is the first course in the labor economics sequence. We will cover the basics of labor supply, labor demand, human capital, and wages. The course has three main objectives. The first is to develop a critical understanding of the literature in these areas and to identify major issues for future research. The second is to become comfortable with a variety of empirical tools commonly used in the labor field and to use these tools in students’ research projects. The third is to gain background knowledge of important stylized facts about labor markets.

II. TEXTBOOK AND READINGS

There is no required textbook for this class. However, you may find it helpful to consult some of these labor and econometrics books throughout the semester for reference.

Labor:
Borjas, George, 2013. Labor Economics. 6th Edition (undergraduate level)
Cahuc, Pierre and Andre Zylberberg, 2004. Labor Economics (graduate level)

Applied econometrics:
Angrist, Joshua and Pischke, Jorn-Stecken, 2009. Mostly Harmless Econometrics
Cameron, A.Colin and Trivedi, Pravin, 2009. Microeconometrics Using Stata
Cameron, A.Colin and Trivedi, Pravin, 2005. Microeconometrics: Methods and Applications
Wooldridge, Jeffrey, 2002. Econometric Analysis of Cross Section and Panel Data

Readings:
We will be reading various articles throughout the semester (see section IV below). The majority of articles are available online at JSTOR (www.jstor.org) if they are older than 3 years. More recent articles
are available through library electronic access, NBER working paper series, and on the author’s SSRN, REPEC, or personal web sites. Please let me know if you have trouble finding any articles.

III. COURSE WORK

Exams:
Your final exam is scheduled for Saturday December 10th, 2016 at 8:00 am. Details on the format of the exam will be discussed as the semester progresses. Material for the exam will draw from your readings, empirical exercises, and class lectures.

Homework Assignments:
There will be a series of empirical exercises to help students gain hands on experience dealing with data sets and estimation methods. In several assignments, students will be asked to replicate the estimation results in key published articles. Homework assignments submitted after the due date will receive no credit.

Research Project:
Students will be required to develop an original research project related to labor economics. The project will involve several stages: prospectus with a model, data description and summary statistics, a draft, a completed paper, and a referee report. The project should be based on micro-level longitudinal surveys of individuals. The paper cannot be used for credit in another class. The completed paper is due on December 5, 2016. The paper must be submitted by the due date. Papers handed in after the due date but before the week of final examination will be marked down by 50%. Papers handed in during or after the week of final examination will receive no credit.

Grading Policy:
Grades are based on:
Homework assignments ................................................................. 15%
Leading the class discussion for 1 published article ........................... 5%
Research project ........................................................................... 35%
Final Exam .................................................................................. 45%

Grading Scale: The following grading scale will be employed:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>90-100</td>
<td>High Pass</td>
</tr>
<tr>
<td>80-89</td>
<td>Pass</td>
</tr>
<tr>
<td>70-79</td>
<td>Low pass</td>
</tr>
<tr>
<td>&lt; 70</td>
<td>Fail</td>
</tr>
</tbody>
</table>

Grades of IN (Incomplete) and AB (Absent from the Final Exam):
Please refer to the Graduate School Handbook http://handbook.unc.edu/grading.html for rules regarding these grades.

Additional Information:
All students are responsible for knowing the UNC’s Honor Code (http://honor.unc.edu/).
IV. COURSE OUTLINE WITH READINGS
† required reading
†P† papers for student presentations

1. Research in Labor Economics
   Course and field introduction. Overview of key topics and issues. Research paper in labor economics.

2. Data in Labor Economics


3. Empirical Methods in Labor Economics
   Causal questions in labor economics. Sources of endogeneity. Identification in regression models and pitfalls. Field experiments in labor economics.


4. Labor Supply

Overview

**Static model of labor supply: selection bias and division bias**


**Life-cycle model of labor supply and intertemporal substitution**


**Policies and labor supply**

5. Human Capital

Introduction: theory & issues


Mincer, Jacob. Schooling, Experience, and Earnings, Columbia University Press, 1974


Ability bias and measurement error


Instrumental variables (background)


Instrumental variables (applications)


Signalling hypothesis


Propensity score matching


Self-selection and marginal treatment effect


Education production function


6. Wages

Wage inequality-facts

Wage inequality-decompositions
†P†Firpo, Sergio; Fortin, Nicole; and Thomas Lemieux, “Unconditional Quantile Regressions,” Econometrica 77(3) (May 2009): 953-973.

Gender/race wage differences


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**Social interactions in the labor market**


