This is a graduate course in labor economics, which meets on Tuesdays and Thursdays, from 9:30 to 10:45 am in room 307, Gardner Hall.

**Scope:**

The course covers topics related to the specification and estimation of models of individuals' choices about education, occupation, labor supply, marriage and fertility. The course focuses on dynamic models and structural approaches to empirical research. The two key frameworks will be discrete choice dynamic models and labor search models. For each topic, we will discuss the theory, estimation and identification issues and policy relevant applications.

**Course Requirements:**

Students will be evaluated based on:

a. A problem set in which students will be asked to implement the methods learned in class on a simple dynamic model of labor supply. The last part of the problem set will be an original extension/variation proposed and estimated by the student.

b. A 45mn presentation of one of the key papers in the reading list

**General references:**

Two econometrics textbooks provide a general reference for empirical methods used in this course.


Another good reference is


(Available for downloading at http://emlab.berkeley.edu/users/mcfadden/discrete.html)
References by topics:

I. Dynamic discrete choice models: an econometric framework

1. The latent variable framework in DDCM

[MAIN REFERENCE]


2. Application to female labor force participation


3. Solution and estimation methods

[MAIN REFERENCE]
4. Identification results


II. Models of labor search

[SURVEYS]


1. The Classical job search model:


A. Estimating stationary models


B. Estimating non-stationary models


2. On-the-job search:


Empirical studies:


3. Search and matching:


Empirical studies:


4. Wage posting models:

Empirical studies:

Z. Eckstein, K.I. Wolpin “Estimating a market equilibrium search model from panel data on individuals” Econometrica, 58 (1990), pp. 783–808


Postel-Vinay and Robin (2002) "Equilibrium wage dispersion with worker and employer heterogeneity"

III. Dynamic models of Human Capital Accumulation

[EARLY REFERENCES]


1. Occupational choice: Dynamic extensions of the Roy model


Kennan and Walker (2011) "The Effect of Expected Income on Individual Migration Decisions" *Econometrica*

2. **Dynamic Structural models of schooling choice**


Belzil and Hansen (2002) "Unobserved ability and the return to schooling" *Econometrica*

Belzil and Hansen (2007) "A structural analysis of the correlated random coefficient wage regression" *Journal of Econometrics*


3. **Dynamic Equilibrium models**
IV. Other applications:

1. Fertility


P. Todd and K. Wolpin, “Using a Social Experiment to Validate a Dynamic Behavioral Model of Child Schooling and Fertility: Assessing the Impact of a School Subsidy Program in Mexico,” manuscript (you can download this paper from web page http://athena.sas.upenn.edu/~petra)

2. Retirement and savings


V. Methodological questions: Natural experiments, reduced form and structural approaches to empirical economics


