Economics 751: Labor Economics I
Fall 2015

When and Where: Mondays and Wednesdays, 11:00 AM – 12:15 PM, NWQ B-6422
Professor: Scott Drewianka (e-mail: sdrewian@uwm.edu)
Office Hours (in Bolton 886): Mondays and Wednesdays, 3:30-5:00 PM

**If you cannot come during the regularly scheduled office hours, please e-mail me to set up a special appointment.

Course Goals: This is part of a two-course graduate sequence on labor economics that may be taken in any order. It has two main
goals: to introduce a range of topics and methods in modern labor economics and to help you identify topics for your own research.

Prerequisites: Economics 701 (Economic Theory: Microeconomics). No previous experience with labor economics is necessary.
You may take Economics 752 first if you wish, but the two courses are designed to be taken in either order.

Books: None required; readings will be available on D2L and/or JSTOR. The UWM bookstore will also stock a few optional books
(see below) that may be useful for the course and beyond.

Grading: Students can choose between two different methods for computing their grades. Option A is intended for Ph.D. students
who are considering a specialization in labor economics and M.A. students who want to make substantial progress on their MA paper
(which may subsequently be completed in Research Seminar for MA Students, Econ 790), while option B is meant for students taking
the class as an elective. Option A is the default; students who prefer option B must notify the professor by September 21.

Option A: Grades will be based on a midterm and final exam (25 percent each), a literature review (35 percent, including 5 for
preliminary documents), the first article summary (5 percent), a presentation (5 percent), and participation (5 percent).

Option B: Grades will be based on a midterm and final exam (30 percent each), a shorter lit review (15 percent), three article
summaries (5 percent each), a presentation (5 percent), and participation (5 percent).

Midterm: Wed., Oct. 28
Final exam: Thurs., Dec. 17, 10:00 AM - Noon [Note special day/ time.]

Article Summaries: Depending on which option you choose, you will write one (option A) or three (option B) summaries of papers
not discussed in class. The first paper to be summarized will be assigned to all students; the main objective of that assignment will be
to understand the structure of the exposition, especially the introduction. The other summaries (to be written only by students
choosing option B) will be content-oriented. Each should be roughly 3-5 pages in length and will (a) identify the topic, its
significance, and its place in the broader literature; (b) summarize the methods and results; and (c) appraise the work and highlight
any unanswered questions. You may write summaries of articles related to your literature review (see below). Summaries must be
submitted on or before the deadlines below.

Deadlines: Sept. 14, Sept. 23, and Oct. 7

Literature Review/Research Paper:
Regardless of which grading option you choose, a substantial share of your grade will be determined by a research paper and an
associated presentation. You will choose your own topic, but I encourage you to consult with me to ensure that it has an appropriate
scope. A typical paper written under option A will be about 20-25 pages long (double spaced), but there is no prescribed maximum or
minimum length apart from what is dictated by the topic. Papers written under option B should be more sharply focused and shorter,
perhaps around 10 pages. In any event, your paper should be both as concise as possible and as long as necessary.

Most students will write a review of the existing literature on a topic in labor economics. A literature review is NOT merely a series
of article summaries or book reports, but rather a well-written, integrated discussion of research in the field and possible directions for
future research. Such a paper will identify the topic under discussion and its place in the broader literature, discuss its significance for
public policy and/or other research, summarize the methods and contributions of several papers, describe how they relate to one another
(e.g., compare and contrast their methods and results), highlight any conclusions that may be drawn, and point to questions that remain
open or new techniques or data that might shed additional light on the subject. For some excellent examples of such papers, look at
virtually anything published in the Journal of Economic Perspectives or any article in the Handbooks in Economics series.

If you have already written a labor-related literature review in another class, you may request permission to write an original
research paper on an open question identified in your earlier review. Eligible students who wish to write an original paper should contact
me early in the semester. In most cases your project would be mainly empirical in nature, so you would need to obtain your data soon.

Deadlines: 1. Tentative decision about topic: Sept. 16
2. Preliminary bibliography (10+ possible sources): Sept. 21
3. Preliminary outline: Nov. 4
4. Draft of introduction: Nov. 18
5. Completed paper: Dec. 14

NOTE: Students choosing option B are not required to complete the preliminary bibliography, preliminary outline, or the draft of
the introduction. However, they must choose a topic by Sept. 16 and submit the paper by Dec. 14.
Some Policies:

1. **Academic Honesty:** Academic dishonesty will not be tolerated!!! All forms of cheating, including plagiarism, are serious violations of academic standards – so be sure you know what constitutes plagiarism! Violators are subject to disciplinary action, which may be as severe as expulsion. For information about unacceptable behaviors and their consequences, see the following webpage: [http://www4.uwm.edu/acad_aff/policy/academicmisconduct.cfm](http://www4.uwm.edu/acad_aff/policy/academicmisconduct.cfm).

2. **Clarity:** No credit will be granted for work that is unintelligible. This includes, but not exclusively, work that is illegible, incoherently organized, or poorly worded.

3. **Other Departmental Policies:** UWM’s official policies on participation by students with disabilities, religious observances, complaint and grade appeal procedures, sexual harassment, incompletes, and other matters are available in Bolton 802 or at [http://www.uwm.edu/Dept/SecU/SyllabusLinks.pdf](http://www.uwm.edu/Dept/SecU/SyllabusLinks.pdf). Students needing accommodations should contact me within the first two weeks.

**Expected time commitment:**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Hours</th>
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<tbody>
<tr>
<td>Class meetings and final exam</td>
<td>37</td>
</tr>
<tr>
<td>Assignments</td>
<td>10</td>
</tr>
<tr>
<td>Class readings and study (5 hours/week)</td>
<td>80</td>
</tr>
<tr>
<td>Research paper (research and writing)</td>
<td>80</td>
</tr>
<tr>
<td>Total across the semester</td>
<td>207</td>
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*This is merely an estimate for a typical successful student under option A and is likely to vary considerably across students. Students choosing option B can expect to spend 15 hours on assignments, but only 40 hours on the paper, for a total of 172 hours.

**Resources to help with your writing and/or research skills:**

1. **UWM Writing Center** ([www.writingcenter.uwm.edu](http://www.writingcenter.uwm.edu), phone: 414-229-4339): “Offers one-on-one assistance… to generate topics, conduct research, organize ideas, develop thesis statements and revise drafts. Undergrad and grad students are welcome… at any stage of the project.” The Center is in **Curtin 127, and** there are also tutors at a **satellite location** in northwest corner of the **East Wing of the library**, 1st floor near “The Grind.”

2. I also recommend John Cochrane’s “Writing Tips for Ph.D. Students” (2005, Booth School of Business):
   - [http://faculty.chicagobooth.edu/john.cochrane/research/Papers/phd_paper_writing.pdf](http://faculty.chicagobooth.edu/john.cochrane/research/Papers/phd_paper_writing.pdf).

3. Available at the UWM bookstore:

**Some very useful research resources:**

1. **Electronic databases** (click on “Resources A-Z” on the UWM library homepage):
   - **EconLit** – lists contents and abstracts of hundreds of economics journals since 1886, as well as books, dissertations, and catalogued working papers
   - **Web of Science** – allows you to search for articles that have cited a particular article in the past; useful for identifying subsequent contributions to the literature.
   - **JSTOR** ([www.jstor.org](http://www.jstor.org)) – full-text research papers from leading journals
   - **National Bureau of Economic Research** working papers ([www.nber.org](http://www.nber.org)) – working papers by major scholars; often the most up-to-date research on a topic.

2. **Handbook of Labor Economics, Vols. 1-3C** and **Handbook of Population and Family Economics, Vols. 1A-1B** (library call number: HD4802 .H36) – published by Elsevier, these handbooks contain extensive literature reviews on many topics, written by some of the main contributors to those subfields

3. Collections of web-links to vast amounts of information and/or major data sets

**Reading list, by topic**

**Notes:**

1. This reading list is not meant to be a comprehensive bibliography, but rather a starting point for further research. It includes a mix of seminal articles, interesting applications, literature reviews, and recent work.

2. **Most papers are available for download on the course page on D2L or on JSTOR.**

3. For a more advanced textbook on labor economics, see Pierre Cahuc and Andre Zylberberg, **Labor Economics** (Cambridge, MA: MIT Press, 2014). It is available at the bookstore.


I. Empirical Methods for Labor Economics and Applied Microeconomics

A. Brief review: Counterfactuals, Least squares, Maximum likelihood, Endogeneity and Omitted variables bias

B. Difference-in-Differences Models

Readings:


Readings, application to Divorce Law:


C. Instrumental variables

Readings:


f. Stevenson, Betsey. 2010. “Beyond the Classroom: Using Title IX To Measure the Return To High School Sports.” *REStat* 92, 284-301.


D. Regression discontinuity designs

Readings:


E. Selection models, with applications to immigration, women’s labor supply, and education

Readings:


**F. Method of moments estimation, with application to income instability**

Readings:


**II. The Structure of Work within Firms**

**A. The Division of Labor and Specialization**

Readings:


**B. Hierarchies and Teams**

Readings:


**III. Careers: Unemployment, Job Search, Experience, and Turnover**

**A. Job Search and Turnover**

Readings:


B. Job-Specific Human Capital and Other Match-Specific Rents

Readings:


**B. Family Structure: Marriage and Divorce**

**Readings:**