ECON 650 Labor Economics I  
Purdue University  
Fall 2013

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Course Description

This course is part of a field sequence in labor economics and covers labor demand, technological progress, immigration, labor supply, income taxation, fertility, policy evaluation, and several empirical methods used in applied labor research (and other applied microeconomics fields) including difference-in-differences estimation, instrumental variables, matching methods, regression discontinuity designs, and panel data methods. Students will learn how to read, evaluate, and conduct applied labor economics research. The emphasis is on econometric techniques, but this is not an econometrics course. Instead of deriving properties of estimators, we will focus on the practical application of applied micro techniques and in the process will provide an introduction to several other areas of labor research.

Course Requirements


For each lecture, I will ask you to read one or more journal articles. Attendance is mandatory and all students are expected to read assigned articles before the class in which they will be discussed.

The grade for the course will be based upon the following factors:

- **Attendance** (10%) You lose one final grade point (out of 100) for every class missed after the first.
- **Class Participation** (5%) This class will not be as enjoyable (for me or you) if I do all the talking. Since economists believe incentives matter, class participation will be rewarded. The grade will obviously be subjective, but I’ll try to be fair. It is the quality not the quantity that is most important.
- **Half-Page Summaries** (10%) For certain papers, students will be expected to complete a half-page summary of the article. I will describe the format for these summaries in class.
- **Homework Assignments** (25%) There will be five homework assignments. Each requires using Stata.
- **Final Exam** (25%) The exam is scheduled on Monday, December 9, 1:00 - 3:00 PM in RAWL 2077. It will cover material from lectures and the assigned readings.
- **Research Project** (25%) Students are expected to complete an empirical research project and write a description of the empirical methods, the data, and the results. The project must be empirical and must use techniques covered in this course. It can be a replication, an extension of an earlier project, or something new. However, if you choose to replicate a published paper, you are not to contact authors ask for their data. The project is due on Friday, December 6. The description of the project should be between 7 and 15 pages in length, double spaced.
Course Outline

The Selection Problem


Labor Demand


Technological Progress and Inequality


Labor Demand Elasticity Estimation

Matching Methods


Labor Supply


Labor Supply Elasticity Estimation


- Heckman, J. (1993), What has been learned about labor supply in the past 20 years?, American Economic Review, 83-2

Instrumental variables


Taxation and Government Policy


Regression Discontinuity


Weighting and Correlated Errors
