This course blends theoretical labor economics with applied research, studying appropriate methods of estimation as necessary. 250A is NOT formally a prerequisite for 250B, although it will prove immensely helpful.

We will cover topics from the following list:

I. Demographics and Economics of the Family  
II. Religion  
III. Development and Conflict  
IV. Labor Demand  
V. Increased Returns to Skills and Increased Income Inequality  

VI. Human Capital  
VII. Migration and Immigration  
VIII. Social Program Evaluation  
IX. Wage Determination  
X. Unemployment  
XI. Social Interactions and Neighborhood Effects

Professor Dahl will teach topics in italics, while Berman is responsible for regular fonts.

Requirements for the Course/Schedule

To do well in this course you should have completed microeconomics and econometrics (A-C) courses. It would be helpful if you have already taken Labor Economics 250A, because there we covered many of the empirical methods that we will use in this course. If you are unsure please consult one of the past 250A course syllabi, at econ.ucsd.edu/~elib/250A/ for a syllabus, and come chat with us.

We expect you to attend and participate actively in all classes.

Paper proposal

Here is some advice on finding a topic. Perusing recent issues of the Journal of Labor Economics, the Journal of Human Resources, or general interest journals such as the QJE, AER, JPE, Econometrica, R.E.Stat, JPubEcon, etc. may give you some ideas for topics. NBER working papers provide another source. The reading list for this course might also help you. If you already have a general area in mind (immigration, labor supply, economics of education etc.) but not a specific topic, one of the more difficult challenges is to focus your interest on
something specific. The Handbook of Labor Economics provides literature reviews that may help you see what areas are well trodden and which are relatively sparsely researched. A third approach is to flip through the Statistical Abstract of the United States or related government publications such as the Digest of Education Statistics – sometimes seeing what sorts of data the government collects and patterns in data can get your creative juices flowing. Fourth, talk to us about your ideas. We may have some of our own. Research is why we are here!

Come up with a proposal for an original empirical paper. We will work with you to decide on ideas to pursue. The final paper should be a proposal for an original empirical paper, which

a) states how this paper would contribute to the literature –including at least a one page literature review,

b) devises an empirical strategy that is (ideally) based in theory, and

c) discusses data sources that you could use.

Ideally, your proposal would be of sufficient quality that you could submit it as a grant proposal to an outside organization. (We do not require submitting a grant application, but encourage you to think along these lines. We and will work with you if you decide to follow this route.)

**Evaluation**

30% An original paper proposal. Please submit to both of us a one to three page proposal complete with references (by email and hard copy) in faculty mailboxes by Monday, January 28 at 2pm. Feel free to consult either of us informally before that time.

20% A written referee report and short class presentation on ONE recent NBER working paper of your choice related to material on the reading list. Please send us your choice as soon as possible (and certainly by Wednesday, Jan 23 at 2pm.) so that we can intersperse your presentation with lectures. Feel free to consult with either or both of us in advance. Rank order the papers if you select more than one, and we can jointly decide which might be the most appropriate. One week before the scheduled presentations, please email the paper (or url) to all classmates and to us. In your presentation, you should plan to present the paper as if it were “yours”, to offer constructive criticism and ideas for how you might extend the work.

30%. An empirical project involving a known data set and a set of questions we provide.

20% Class participation and/or final exam. This is a little unusual. We expect you to arrive prepared and to participate in class discussions. If your participation is found to be lacking we reserve the right to examine you in order to determine your final grade.
Readings – Berman Topics (Dahl Readings will arrive separately)


Reading List: The list is subject to renegotiation. The (*) means priority reading. We will also try to give you some guidance as to which papers are the most important.

I. Economics of the Family, Fertility and Demographics (Jan. 23)


II. The Economics of Religion (Jan. 30)


III. Development and Conflict (Feb. 6)

Note: This material is frequently updated at igcc.ucsd.edu/DACOR

Why violence? Pareto would object.


Religion and Terrorism


Does Poverty cause Political Violence?


Development in Conflict Spaces


IV. Labor Demand (Feb. 13)

Static Models


J. Hicks, Theory of Wages, chapter 1, Appendix, sections 18-19.


Empirical Applications of Static Models


Dynamic Models


Equilibrium with Heterogeneous Labor


V. Increased Returns to Skills and Increased Income Inequality (Feb. 20)

The basic facts on quantities and prices


Murphy, Kevin M. and Finis Welch (1992) Industrial change and the rising importance of skill, in Sheldon Danziger and Peter Gottschalk (eds.) Uneven Tides: Rising Inequality in America, New York: Russell Sage Foundation.


Race

International Evidence


Historical Perspective


Basic Human Capital Theory


Mincer, Jacob (1994) "Investment in U.S. Education and Training," NBER WP #4844, August.

Trade as an Explanation

Borjas, George J. and Valerie A. Ramey (1994) "Foreign Competition, Market Power and Wage Inequality, UCSD mimeo.


Lawrence, Robert and Matthew Slaughter (1993) 'International Trade and U.S. wages in the 1980s: Great sucking sound or small hiccup', Brookings Papers on Economic Activity, Fall, n2, pp161(66)


Skill Biased Technological Change as an Explanation


Human Capital and Technological Change in Growth Models

Barro and Sala-I-Martin (1994) Economic Growth

