

IWH-DPE/CGDE

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August 6, 2018 – August 9, 2018

SPECIAL COURSE

Introduction to Graduate Labor Economics, with an Emphasis on Life-Cycle Dynamics

Course Description

This workshop is designed as a first course in PhD-level Labor Economics. The overall goal is to give a fairly broad overview of topics in labor economics and the different empirical methodologies used therein. This should provide students the tools to read up on literatures that we will not cover, such as the economics of immigration. We will cover modern empirical methods in program evaluation, such as Regression Discontinuity and Field Experiments, but also more technical methodologies related to the structural estimation of dynamic models. Some background in Dynamic Programming is helpful but not necessary. There will be a practice session each day which will be used for implementing some of the methods empirically, using real-world data provided by me. As a consequence, you'll need to bring a laptop. Preferred software is Stata. Knowledge in Matlab is useful but not necessary.

Schedule

The schedule for each day is as follows:

09:00–10:30	Lecture
10:30–11:00	Coffee Break
11:00–12:30	Lecture
12:30–14:00	Lunch Break
14:00–16:00	Lecture
16:00–16:30	Coffee Break
16:30–18:00	Practice Session

Exam

The exam has two parts. First, there will be a problem set every day. Second, participants are required to write a referee report on an assigned paper after the course.

Venue

Halle Institute for Economic Research (IWH) – Member of the Leibniz Association, Kleine Maerkerstrasse 8, 06108 Halle (Saale), Germany, conference room (ground floor).

Registration

Please contact Annett Hartung, Phone: +49 345 7753 751, E-mail: annett.hartung@iwh-halle.de, until July 1, 2018.

The course is designed for at most 25 participants.

Syllabus

The course is paper based. We will cover one paper per topic. A reading list will be provided 1 month before the course starts. There will also be a set of lecture notes.

1) Neoclassical Models

- a) Labor Supply: Static (Application: Income tax reforms and labor supply)
- b) Labor Supply: Dynamic (Application: Experiments in Labor Economics)
- c) Earnings Processes (Application: Sources of Life-cycle Inequality)
- d) Labor Demand: Static (Application: Minimum Wages)
- e) Labor Demand: Dynamics and Adjustment Costs (Application: Employment Effects of Work-Sharing Programs)
- f) Labor Market Equilibrium (Application: The Race between Education and Technology)

2) Human Capital Theory

- a) Two Models of Human Capital Accumulation: Ben-Porath vs. Becker
- b) The Returns to Education: Quasi-Experimental Evidence
- c) Credit Constraints
- d) Modern Approaches to the Technology of Skill Development

3) Discrete Choice and Dynamic Discrete Choice

- a) Basic Framework and Some Econometrics
- b) Static Models and Control Functions
- c) Dynamics (Application: Structural Models of Educational Choice)

4) Labor Market Search

- a) Empirical Evidence: Job Mobility and Wage Growth
- b) Basic Framework and Some Econometrics
- c) Equilibrium Unemployment and Unemployment Insurance: Random Search vs. Directed Search
- d) Equilibrium Wage Inequality in Frictional Markets