

University of Illinois Econ 590
Topics in Labor: Modeling the Labor Market

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Logistics

Two lectures per week on Tuesdays and Thursdays from 3:30 to 4:50 pm on zoom. All materials are available via the course website, available at compass2g.illinois.edu.

Description

This is a graduate course in labor economics, appropriate for PhD students in the Department of Economics and other students with permission of the instructor. The focus of the course is theoretical models used in labor economics, and the aim is to both acquaint students with canonical models in the field, as well as to encourage the development of the applied-micro modeling skills necessary to produce theoretical models that support empirical research. Although theory will be the emphasis, we will also cover related empirical literature. The Compass website has readings and other course materials. Topics will include human capital investments (property rights models), firm-learning, formal incentive contracts, search and matching models, monopsony, and job ladder models.

Students who are interested in pursuing research in labor economics or other applied micro fields are strongly encouraged to attend the weekly student workshop (AMRL), which meets on Tuesdays from 12:30-1:30 pm and the applied micro seminar which meets Mondays and occasional Wednesdays from 3:30 to 5 pm.

Course Materials

Most required readings will be available via links on the course website. Many readings will be drawn from David Autor and Daron Acemoglu's "Lectures in Labor Economics" *Handbook of Organizational Economics*, both of which are available electronically via the course website. There is one book I recommend you purchase:

Christopher Pissarides. *Equilibrium Unemployment Theory*. MIT Press, 2000

however it is also available electronically via a link on the course website.

In addition, you may find it helpful to have access to:

George Borjas. *Labor Economics*. McGraw Hill-Irwin, 5th edition, 2010

Derek Laing. *Labor Economics: Introduction to Classic and the New Labor Economics*. W.W. Norton & Company, 2011

Grading and Requirements

The course is comprised of three modules: micro-labor models, personnel/organizational models, and macro/matching models. There will be one problem set for each module. In addition, for each module, you will work in groups of 2-3 to study in depth a single paper and present this to the class in presentations of 20-30 minutes, depending on the class size. Finally, you will each individually complete a term project that involves developing a model that can either be used to explain empirical results you have already developed or anticipate developing, or results from the literature. More information on the group and term projects will be provided in class. Final grades will be comprised of 30% problem sets, 20% paper presentations, and 50% term project.