This is a course in Labour Economics. It will introduce you to the major topics studied by labour economists and to the methods they use. At the end of the course, you should have a good idea of research questions, the most relevant literature, as well as what the research frontier looks like. This should help you formulate research questions in this field, as well as equip you to tackle these questions with contemporary methods.

Substantively, the first part of this course is going to focus on human capital investments. Labour economics has been an important discipline in terms of applying and developing empirical techniques. As a result, this part of the course is also going to focus on these empirical methods.

Starred readings will be required, other readings are optional.

**Background readings:**


This book covers the empirical techniques we will discuss. While the focus is on the econometrics, many of the examples in the book are relevant to the human capital literature.

D. Acemoglu and D. Autor, *Lectures in Labor Economics*, chapters 1-2 and 8-9 (abbrev. as LLE; available at [http://econ.lse.ac.uk/staff/spischke/ec533](http://econ.lse.ac.uk/staff/spischke/ec533)) These lectures primarily cover the theoretical models relevant to the topics.

**MT – Part I: Human Capital and Empirical Methods**

1. Investment in Schooling and the Earnings Function

   *LLE, chapter 1


2. Returns to Schooling – Regression Control and Measurement Error


   J.S. Pischke and H. Schwandt, “Poorly Measured Confounders are More Useful on the Left Than on the Right,” mimeographed, October 2014

   *MHE, sections 3.1 and 3.2

3. Returns to Schooling – Instrumental Variables


*MHE, sections 4.1, 4.4, 4.5, 4.6.4


4. Returns to Schooling – Fixed Effects


O. Sandewal, D. Cesarini, and M. Johannesson, “The co-twin methodology and returns to schooling – testing critical a assumption,” mimeographed, 2009, LSE


*MHE*, section 5.1

5. Compulsory Schooling Laws – Differences in Differences


*MHE*, section 5.2

6. The Signalling Model of Schooling


*LLE*, chapter 2


7. School Resources – Experiments


*MHE chapter 2*

8. Signalling and School Resources – Regression Discontinuity Design


*MHE chapter 6*

9. On-the-job training


LLE, chapters 8-9


10. Government Training Programs – Experimental vs. non-experimental evaluation


*MHE, section 3.3*