ECON 590
Labor Economics
Department of Economics
Fall 2026

Instructors:
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DKH 101-E

Lectures: TBD in DKH TBD.

Bartik Office Hours: TBD

What is this course about?: This course provides graduate students an in-depth introduction into the theoretical frameworks and empirical tools labor economists use to understand labor markets. We cover labor demand and supply, frictions, search and matching, sorting and compensating differentials, skill formation, market power and bargaining, discrimination, and technological change. Students will derive canonical labor market models, analyze their equilibrium implications, and practice bringing them to the data. The course emphasizes the rich empirical toolkit that modern labor economists use, including quasi-experimental and experimental methods, quantitative structural models, and novel measurement approaches. Throughout the course, emphasis will be placed at understanding the theoretical and empirical connections between different topics and on analyzing policy questions. Students will be produce research ideas and receive feedback on those ideas several times during the course to help them reach the research frontier.

Course Goals: This course has three goals:

1) Give students a variety of theoretical tools for thinking about labor markets.
2) Acquaint students with a variety of types of evidence that can be brought to bear on labor market questions.
3) Help students to generate their own ideas on research in labor markets.

Prerequisites: First year Ph.D. sequence in microeconomics and econometrics. Please schedule a meeting with Prof. Bartik if you have not completed these courses.

Credits: 4 credits

Course structure: The course will be a lecture, along with discussion and activities. Students are expected to attend all classes and participate in all discusses. We will cold call throughout the semester. Computers and phones are not allowed out during class at any point.

Learning Resources:

There is no textbook for this course. We will you provide you with our own slides. Readings will also be posted on the Canvas website. David Autor's lecture notes for 14.662 at MIT and David Card's lecture notes for Econ 250A at Berkeley are invaluable resources for all labor economists from which I will draw heavily. If you're really jonezin' for a textbook, *Labor Economics* by Cahuc, Cacillo, and Zylberberg (2014) is a recent graduate school textbook and Borjas (2015) and Ehrenberg and Smith (2017) have written undergraduate textbooks.

For more detailed background materials, I recommend *Labor Demand* by Hamermesh (1996) as a reference to the neoclassical models we will review at the start of the course. *The Race Between Education and Technology* by Goldin and Katz (2010) presents a great account of the history of labor markets over the last several centuries from a (broadly) neoclassical perspective. *Monopsony in Motion* by Manning (2003) and *Equilibrium Unemployment Theory* by Pissarides (2000) are standard references on search models. Anyone interested in an example of how labor economists can use qualitative research to understand the labor market better and improve empirical and theoretical work should read *Why Don't Wages Fall During a Recession?* by Bewley (2002). For background on US employment law, see *Understanding Employment Law: Second Edition*, by Hirsch, Secunda, and Bates (2013).

Mostly Harmless Econometrics by Angrist and Pischke (2008) and *Causal Inference for Statistics, Social and Biomedical Sciences* by Imbens and Rubin (2014) provide background on the reduced form empirical methods used in this class. *Discrete Choice Methods with Simulation* by Train (2009) provides an introduction to some of the structural methods that we'll discuss in this course. *Computer Age Statistical Inference: Algorithms, Evidence, and Data Science* by Efron and Hastie (2016) and Elements of Statistical Learning (2009) by Hastie, Tibshirani, and Friedman provide an overview of many machine learning topics relevant to parts of the course.

Students are also very strongly encouraged to attend labor related applied micro seminars in the economics department. These seminars will let you see the tools and ideas you're learning in class in action and are key to developing your skills and helping you develop research ideas.

Additional materials, as well as assignments and practice materials will be available Canvas site. Announcements about assignments, readings, and other course items will be posted on Canvas.

Requirements:

- ***Problem Sets:*** There will be 4 problem sets that together will count for *20% of the grade*. They will be due on:
    - Assignment 1: TBD
    - Assignment 2: TBD
    - Assignment 3: TBD
    - Assignment 4: TBD

- ***Paper comments:*** Most weeks, there will be one paper you are required to make comments on (We will tell you this paper in lecture and on Canvas). These comments must be submitted on Canvas be by 5:30pm on Monday afternoon the day before the class meeting. Students are allowed to skip one comment during the semester. Comments will be worth *10% of the grade.* Paper comments should be a short memo that answers the following questions:
    - Where does this paper fit into the literature? Thinking of the literature as a conversation between papers, what prior work is this paper "responding" to?
    - What is the contribution of the paper that pushes the literature forward? What insight strikes you as most unique?
    - What is the strongest part of their research design? What is the weakest part?
    - What important questions are left unanswered? Why do you think the authors didn't do that (a lack of data, beyond the scope of their method, hadn't thought about application of design to an important setting)? What is a research design that would address a next step you have highlighted?
- **Research Ideas:** Students will be required to submit four research ideas during the course. These will count for 25% of the grade.

    - Idea 1: TBD
    - Idea 2: TBD
    - Idea 3: TBD
    - Idea 4: TBD
- ***Final Exam:*** There will be an in-person, 3-hour exam during finals week which will cover the entire course material and be worth *45% of the grade*. The final exam is currently scheduled for TBD from TBD to TBD.

Grading: Grades will be on a +/- scale and may follow a light curve.

Assessment Policies:
All assignments are to be turned in at the beginning of the class in which they are due. Late assignments receive *no* credit without an instructor approved excuse. Acceptable excuses include physical and mental illness, and personal or family emergencies. A written request for an extension must be submitted at least 48 hours in advance.

Assignments can be turned in early at your instructor's office or via email. You are encouraged to work as a group with your classmates on problems sets, although you have to hand in your own solutions. Note that we cannot grade assignments that we cannot read. Consequently, please be careful to make all assignments legible.

Exam Policy:
In the event that a student misses one of the exams, the instructor reserves the right to give the student a zero on that exam. There are no make-up exams without an instructor approved excuse. Instructor-approved excuses include 1) medical reasons, in which case you should bring a letter from a medical professional describing your reason for missing the exam, 2) death or serious illness of an immediate family member or close friend (documentation required), or 3) conflict with a religious holiday. Requests for exam make-ups should be made as far in advance as possible.

We will follow the University guidelines on student conflicts with final exams. For this year's student code, see http://admin.illinois.edu/policy/code/article3_part2_3-201.html .

Regrades:
All regrade requests must be submitted in writing no more than one week after the assignment or exam is returned. The request must be written and include a detailed summary of why the student believes the grade they received was incorrect. We generally regrade the entire exam or assignment, so the grade may go up or down. Consequently, students should only request a regrade if they are very confident that the original grade they received was incorrect.

Statement on Academic Integrity
We will follow Articles 1-401 through 1-406 of the *Student Code* (beginning at http://studentcode.illinois.edu/article1_part4_1-401.html). This rule defines infractions of academic integrity, which include, but are not limited to, cheating, fabrication, and plagiarism. You are responsible for following these guidelines (ignorance is no excuse). If you have any questions about whether something would be an infraction, consult with the instructor before proceeding.

Requests for Special Accommodations:
To obtain disability-related adjustments and/or auxiliary aids, students with disabilities must contact the course instructor and the Disability Resources and Educational Services (DRES) as soon as possible. To

contact DRES, you may visit 1207 S. Oak St., Champaign, call (217)-333-4603, email disability@illinois.edu or go to the DRES website.

Please also schedule a private meeting with the course instructor to discuss your needs and requirements. The instructor will attempt to meet all reasonable course accommodations once the student self-identifies. Please note that accommodations are not retroactive to the beginning of the semester, but begin the day you contact the instructor with a current letter of accommodation from DRES.

Emergency Response Recommendations:
The university maintains guidelines for emergency responses. A list of recommendations when to evacuate and when to find shelter are available at:
http://illinois.edu/cms/2251/general_emergency_response_recommendations_8_16_13_final.docx
Floor plans for specific buildings are available at: http://police.illinois.edu/emergency-preparedness/building-emergency-action-plans/

Course Topics (tentative):

- **I.** Labor supply and demand (8 lectures)
- **II.** Empirical approaches in labor economics (1 lecture)
- **III.** Labor market frictions and market structure (7 lectures)
- **IV.** Discrimination in labor markets (2 lectures)
- **V.** Job choice, sorting, and careers (5 lectures)
- **VI.** AI and labor markets (4 lectures)

Course Schedule (tentative)

1	Aug 24	Course overview, logistics, and facts about labor markets
	Aug 26	Basic model: static labor supply
2	Aug 31	Basic model: static labor supply empirics
	Sept 2	Basic model: dynamic labor supply theory I
3	Sept 7	Labor day (holiday)
	Sept 9	Basic model: dynamic labor supply theory II
4	Sept 14	Basic model: dynamic labor supply empirics I
	Sept 16	Basic model: dynamic labor supply empirics II
5	Sept 21	Basic model: labor demand
	Sept 23	Basic model: labor market equilibrium
6	Sept 28	Reduced form versus structural stuff in labor economics
	Sept 30	Labor market frictions: place, occupation, and industry
7	Oct 5	Other Monopsony/Frictions Topics
	Oct 7	Search models I

8	Oct 12	Search models II
	Oct 14	Search empirics
9	Oct 19	Unions (labor market monopoly): Theory
	Oct 21	Unions (labor market monopoly): Empirics
10	Oct 26	Models of discrimination I
	Oct 28	Evidence on discrimination
11	Nov 2	Sorting/Roy Model
	Nov 4	Compensating Differentials I
12	Nov 9	Compensating Differentials II
	Nov 11	Skills and Tasks in Equilibrium
13	Nov 16	AI and Labor Markets I
	Nov 18	AI and Labor Markets II
14	*Nov 23*	*Thanksgiving break*
	Nov 25	*Thanksgiving break*
15	Nov 30	AI and Labor Markets III
	Dec 2	AI and Labor Markets IV
16	Dec 7	Wrap-up

Reading List Guide (Reading List Included in Separate Document)

For most lectures, we divide papers up into three categories. First, there are main papers (under main papers in bold) that are classic papers in the literature that every labor economist should have some familiarity with. Second, there are main papers that represent something (close to) the frontier of the literature on a topic. These papers are listed under main papers and are starred. Third, there are useful references that are important papers on a topic that a student may want to explore in more detail if they're interested.

It's not generally possible to read all the main papers on the reading list carefully entirely the way through. Reading an entire paper end-to-end and figuring out every detail is incredibly time consuming. Instead, your goal is to develop basic familiarity with the main papers, not learn every detail. Specifically, you should spend **10 minutes on each bold and starred paper.** You should read the abstract, the introduction, and flip through the main results. Your goals should be to come away with a sense of where the paper fits in the literature and what the contribution of the paper is that pushes the literature forward.

In the few lectures where the readings don't follow this format, instead of papers we provide textbook chapters students should read on a few select topic.