

ECO 518: Labor Economics and Relations

Winter 2026

DePaul University - Department of Economics

Time: Wednesdays 5:45pm-9:00pm

Room: Lewis 1207

Zoom Meeting #: 584-883-8100

Brian J. Phelan, Ph.D.

bphelan2@depaul.edu

DePaul Center, Room 6208

Office Hours:

Office Hours: Wednesdays 3:00pm-4:30pm

Or, by appointment -- though I am rarely far from email

Course Description:

Labor economics is the study of choices and outcomes in the labor market - both at the individual level (supply) and the firm-level (demand). Labor economics contains a healthy mix of theory and empirical analysis, which are both used to describe trends in the labor market, understand the causes of these trends, and assess and develop policy proposals that seek to remedy potential problems that arise in the labor market. This interaction between theory and empirical work (each informing the other) is an essential element of the field.

The goals of this course are:

- Introduce you to the main topics and trends in labor economics
- Teach you the basic theoretical framework to analyze major trends in the labor market
- Read and apply empirical analyses to explore trends and outcomes in the labor market.
- Apply empirical techniques to evaluate labor market policies
- Give you the opportunity to combine these methods to address a topic of your interest.

While the topics in the course are focused on the labor market, my hope is that skills developed are broadly applicable to other areas as well.

Textbooks:

- Ronald Ehrenberg and Robert Smith, *Modern Labor Economics*, Pearson Addison Wesley
- Angrist and Pischke, *Mastering Metrics*, Princeton University Press.
- All other assigned readings will be available on D2L.

Assessment of Students:

Problem Sets (8):	40%
Power Point Presentation Slides and Presentation for Paper:	10%
Final Paper:	30%
Class Attendance:	10%
Class Participation:	10%

Assignments:

Readings: There are weekly readings for the course. It is important that students read these assignments before class. If they do not do the readings, they will have greater difficulty mastering the material and a more-difficult time participating in discussions.

Problem Sets: There will be eight reasonably challenging problem sets in this course, which are designed to reinforce the models we develop in class, give students practice with applying these models, and familiarize students with analyzing data and engaging in empirical analysis. The problem sets will also help students prepare for the final paper in the course because the problem sets will frequently probe deeper into a specific question and help guide students through how one might explore questions from both a theoretical and empirical approach. In terms of the empirical exercises, I will emphasize Stata, but you are welcome to use other statistical packages if you would like.

Class Attendance: Students are expected to attend class. If missing class is a regular habit (i.e. occurring more than once over the ten weeks), students will lose attendance points

Class Participation: Students are expected to participate in class, which essentially means ask and answer questions and generally participate in discussions. Students that do not participate much will not receive many participation points.

Final Paper: The final paper is the major assignment of the course. It should be about 12-15 pages; and is due at 11:59pm on Thursday 3/19/25 – eight days after our last class. Your grade on the paper will be based upon your ability to answer a research question using an economic framework and data analysis. Your grade will be based on your ability to raise a question, explain why it is interesting/important, ground it in a literature, present an economic framework for analyzing the question, propose an empirical framework, and execute an econometric analysis of the data to answer the question. All papers must include .do files. Of course, your writing matters too - nothing is gained if you have the best idea in the world but cannot communicate it to others.

The following outline should help you organize your paper:

- 1) Introduction (Describe the research question and why it is important; 1-2 pages.)
- 2) Literature Review (Explain what other people have said on the topic and how they approached the question; approximately 1-2 pages.)
- 3) Theoretical Motivation (Describe the theoretical framework guiding your question and what you might expect would occur from the theoretical model; approximately 1 page)
- 4) Data (Describe the data you use to help answer your question including presenting summary statistics that give a sense of the data and begin help you answering your research question; approximately 2-3 pages with tables)

- 5) Econometric Specification (Describe what empirical expression you would like to estimate, how it helps you answer your research question; approximately 1-2 pages)
- 6) Empirical Results (present empirical results in words and tables; 3-5 pages)
- 7) Conclusion (summarize your question, approach, and why you are asking it; 1 page)

Please place all tables at the end of the paper after your references. The written component of the paper should not be shorter than 10 pages. Students will also be required to provide power point slides and present their paper to the class in our last meeting on March 11th.

In terms of choosing a topic, I suggest you use one of the provided topics, but students can pursue other topics if they so choose. That said, they must provide the data and do files for papers of their own choosing. More details to follow.

Important Dates:

Problem Set #1:	January 11 th , 11:59pm
Problem Set #2:	January 18 th , 11:59pm
Problem Set #3:	January 25 th , 11:59pm
Problem Set #4:	February 1 st , 11:59pm
Problem Set #5:	February 8 th , 11:59pm
Problem Set #6:	February 15 th , 11:59pm
Problem Set #7:	February 22 nd , 11:59pm
Problem Set #8:	March 1 st , 11:59pm
Paper Presentations (and PowerPoint Slides):	March 11 th , In Class
Paper Due:	March 19 th , 11:59pm

A Bit of Advice:

Looking at the Important Dates above and the Syllabus below, you'll see that we have something due and some readings each week. Neither should be too time-consuming, but you should plan on allocating about 6-8 hours per week on this course (outside of class time) – 2-3 hours to do the readings and 5-6 hours to do the assignment. The final paper at the end of the course will likely take you longer, but it will have a big payout for you in terms of having an empirically-oriented writing sample when you apply for jobs. Allocate your time accordingly.

Syllabus:

Section I: Labor Supply

Week 1: Introduction & Trends in Male and Female Labor Supply

- Topics:
- Course Introduction
 - Trends in male and female labor supply & Explanations
- Intro Readings:
- "Who Wears the Pants in This Economy?" New York Times, September 2, 2012
 - Ehrenberg and Smith, Ch. 1
- Labor Supply Readings:
- Theory of Labor Supply Handout
 - Ehrenberg and Smith, Ch. 6-7

Week 2: Review of OLS Regression, Empirical Support for Neoclassical Labor Supply Model & the Household Model

- Topics:
- Causal Analysis with Sample Selection
 - Interpreting Regression Results
 - Labor Supply with Household Production
- Readings:
- Angrist and Pischke, Ch 1 and Ch 2,
 - "The Quiet Revolution that Transformed Women's Employment, Education, and Family," Goldin, 2006.
 - "Engines of Liberation," Greenwood et al., 2005. (p 1.-5, optional thereafter)
- Video:
- <https://www.youtube.com/watch?v=HaXzoXiefRM>

Week 3: Wages, Human Capital, and the Returns to Education

- Topics:
- Intertemporal Decisions and Investments in Education
 - General vs. Specific Skills and Who Pays
 - Instrumental Variable Regressions
- Readings:
- Ehrenberg and Smith, Ch 9
 - Angrist and Pischke, Ch 3
 - David Card, "The Causal Effect of Education on Earnings," Handbook of Labor Economics, 1999.
 - New York Times, "Losing Faith in College Education," September 2023.

Section II: Labor Demand

Week 4: Labor Demand and the Decline in Unionization

- Topics:
- Basic Model of Labor Demand
 - Short-run vs. Long-run and Heterogeneous Labor

- The Effects of Unions
- Readings:
- Ehrenberg and Smith, Ch. 3 and Ch. 4
 - Barry Hirsch, "Sluggish Institutions in a Dynamic World: Can Unions and Industrial Competition Coexist," *Journal of Economic Perspectives*, 2008.

Week 5: Difference-in-difference Estimation & the Causal Effect of Unions on Labor Market Outcomes

- Topics:
- Develop basic understanding of difference-in-differences regression model.
 - Use DID estimates to evaluate what right-to-work laws say about Unions

- Readings:
- Angrist and Pischke, Ch 5

Week 6: The State of Labor Market Competition

- Topics:
- The state of labor market competition
 - Interventions in labor markets to affect labor market competition

- Readings:
- "Concentration in US labor markets: Evidence from online vacancy data," Azar et al. 2020.
 - "The Origins and Evolution of Occupational Licensing in the United States," Carollo et al, 2022.
 - "Non-Compete Agreements: A Review of the Literature," McAdams 2020.

Section III: Current Topics in Labor Economics

Week 7: The Rise in Earnings Inequality

- Topics:
- Measuring Inequality & Trends
 - Understanding the underlying Causes of Rising Income Inequality

- Readings:
- Autor, Katz and Kearney, "Trend in U.S. Wage Inequality: Revising the Revisionists" *Review of Economics and Statistics*, 2008.
 - Ehrenberg and Smith, Ch. 15.
 - Sherwin Rosen, "The Economics of Superstars," *American Economic Review*, 1981.

Week 8: The Costs of Unemployment

- Topics:
- Types of Unemployment
 - Micro and Macro Effects of Unemployment
 - Thick Labor Markets

- Readings:
- Ehrenberg and Smith, Ch. 14

- Stephen David and Til von Wachter, "Recessions and the Costs of Job Loss," Brookings Paper on Economic Activity, 2003.
- Basic Search Models

Week 9: Labor Market Effects of Immigration

- Topics:
- Model of Local Labor Markets
 - Mobility, Barriers to Mobility, and Spatial Mismatch
 - Productivity and Real Estate Markets

- Readings:
- Ehrenberg and Smith, Ch. 10.
 - Moretti, Enrico. "Local Labor Markets," Handbook of Labor Economics, 2010.

Week 10: Paper Presentations

Additional Expectations:

Academic Integrity: Work done for this course must adhere to the University Academic Integrity Policy, which you can review in the *Student Handbook* or by visiting Academic Integrity at DePaul University (<http://academicintegrity.depaul.edu>). Let's talk about LLMs and AI.

Respect: The classroom is a place for learning. This is best achieved by asking questions, thinking out loud, and even making mistakes. Please treat all your classmates with respect - we will all struggle at some point or another. If anyone has concerns about the behavior of other people in the class, come see me.

Timeliness: All assignments are due as posted in this syllabus. However, there is some flexibility in terms of the problem sets. Assignments up to one day late will be marked down 5%. Assignments one-to-three days late will be marked down 10%. Assignments more than three days late will not be accepted unless an extension is granted. If you foresee a problem with a due date, see me in advance and I may grant you an extension.

Disability: Students with disabilities that require additional time or other efforts, must let me know in advance.