

Human Capital and Wages
Professor: Christopher Taber
Department of Economics University of Wisconsin-Madison

Description

The focus of the course will be on understanding human capital and wage dynamics.

Christopher Taber received his Ph.D. from the University of Chicago in 1995. He started his academic career at Northwestern University and was there until 2007. He is currently the Walker Family Distinguished chair and the James J. Heckman Professor at the University of Wisconsin-Madison. His research focuses on the development and implementation of econometric models of skill formation. His work on Human Capital includes studies of the effectiveness of Catholic schools and of voucher programs, the importance of borrowing constraints in college going decisions, estimation of lifecycle human capital investment models, and models with heterogeneous human capital. He also has a methodological side and has worked on non-experimental methods for evaluation. He has been editor-in-chief of the Journal of Labor Economics from 2007-2012 and of Quantitative Economics from 2017-2021.

The course is scheduled to run over 2 days with 9 lectures of 45-minutes. The course requires that the students give a short presentation of an original research idea – this can be very preliminary. This will take the form of either an office appointment with Professor Taber or a presentation during class.

There is a substantial reading list in preparation for the course.

ECTS points: 2

Learning objectives

Gain a broad understanding of how human capital influences wages and career outcomes over the life cycle.

Learn key economic models that explain education, skill development, and wage growth.

Understand how labor market trends and technological change affect the value of different skills over time.

Develop the ability to engage with academic research and apply theoretical insights to real-world labor market issues.

Testing

Each student must present a research idea within labor economics

Subjects

1. Basic Human Capital Model

- Becker, Human Capital, 1975.
- Willis, "Wage Determinants: A Survey and Reinterpretation of Human Capital Earnings Functions," in Handbook of Labor Economics, 1986, chapter 10, p. 525-602
- Card, "Returns to Schooling," Handbook of Labor Economics, 1999.
- Cameron, and Taber, "Borrowing Constraints and the Returns to Schooling," JPE Feb, 2004.

2. The Ben-Porath and Learning by Doing Models

- Ben-Porath, "The Production of Human Capital and the Life Cycle of Earnings," JPE, 1967.
- Weiss, "The Determination of Life Cycle Earnings: A Survey," In Handbook of Labor Economics, 1986.
- Heckman, Lochner, and Taber, "Explaining Rising Wage Inequality: Explorations with a Dynamic General Equilibrium Model of Labor Earnings with Heterogeneous Agents," Review of Economic Dynamics, 1998.
- Imai and Keane, "Intertemporal Labor Supply and Human Capital Accumulation," Internat. Econ. Rev. 2004.
- Iskhakov and Keane, "Effects of Taxes and Safety Net Pensions on Life-Cycle Labor Supply, Savings and Human Capital: The Case of Australia." J. Econometrics 2021.
- Fan, Seshadri, and Taber, "Estimation of a Life-Cycle Model with Human Capital, Labor Supply and Retirement", Journal of Political Economy, 2024.

3. Returns to Firm Tenure

- Altonji, and Shakotko, "Do Wages Rise with Job Seniority?" Review of Economic Studies, 1987.
- Topel, "Wages Rise with Job Seniority," JPE 1991.

4. Occupation and Industry Specific Human Capital

- Kambourov and Manovskii, "Occupational specificity of human capital," International Economic, 2009.
- Pavan, " Career choice and wage growth," Journal of Labor Economics, 2011.
- Keane and Wolpin, "The Career Decisions of Young Men," JPE 1997.
- Lee and Wolpin, "Intersectoral labor mobility and the growth of the service sector," Econometrica, 2006.

5. Multi-Dimensional Human Capital

- Sanders and Taber, "Lifecycle Wage Growth and Heterogeneous Human Capital," Annual Review of Economics, 2012.
- Poletaev, and Robinson, "Human capital specificity: evidence from the dictionary of occupational titles and displaced worker surveys," Journal of Labor Economics, 2008.

- Gathmann and Schoenberg, "How general is human capital? A task-based approach," *Journal of Labor Economics*, 2010.
- Lise and Postel-Vinay, "Multidimensional skills, sorting, and human capital accumulation," *American Economic Review*, 2020.

6. Changes over time in Returns to Skills

- Katz and Murphy, "Relative Wages, 1963-1987: Supply and Demand Factors," *Quarterly Journal of Economics*, 1992.
- Autor, Katz, and Kearney, "The Polarization of the U.S. Labor Market," *American Economic Review*, 2006.
- Acemoglu and Autor, "Skills, Tasks and Technologies: Implications for Employment and Earnings," *Handbook of Labor Economics*, 2011.
- Autor and Dorn, 2013, "The Growth of Low-Skill Service Jobs and the Polarization of the US Labor Market," *American Economic Review*, 2013.
- Deming, "The growing importance of social skills in the labor market," *Quarterly Journal of Economics*, 2017.
- Roys and Taber, "Skills Prices, Occupations and Changes in the Wage Structure for Low Skilled Men," 2025.