

## Labor Economics

Economics 14.661  
Fall 2024

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### *Key Ideas #4* *Labor Demand*

#### I. (Neo-)Classic theory

Demand with one factor

Demand with two factors

Workhorse production functions: Cobb-Douglas, Leontief, CES

Substitution and scale effects

Hicks-Marshall laws of derived demand

#### II. How market structure affects factor demand: who's got the power?

Monopoly (product market power)

Monopsony (labor market power)

#### III. Demand-side policy matters

##### A. Minimum wage effects

Theoretical considerations

Empirical strategies and evidence

\*Metrics: DD Assumptions and pitfalls

##### B. Immigration

Theoretical considerations

Empirical strategies and evidence

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