

ECON 640: Labor Economics – Spring 2017

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Office hours: TR 2-3 in Snow 335 -- Please come talk to me with any questions or concerns!

Department of Economics, University of Kansas

Goals

- To gain a mastery of the mathematical and graphical representations of labor economics
- To be able to quantitatively evaluate and recommend public policies
- To be prepared for Econ 770 (graduate level labor economics)

Prerequisites: Econ 520, Math 116 (or 122) (or equivalents in intermediate micro and calculus)

Required Textbook: Borjas, *Labor Economics*, McGraw Hill, 2016 (7th Ed). You may rent, buy (new/used/ebook) or use a copy on reserve at Anschutz Library. Please let me know if you ever find that all reserve copies are all in use.

Tentative lecture schedule:

Week	Chapters covered	Week	Chapters covered
1: 1/17, 1/19	1, 2	9: 3/14, 3/16	8
2: 1/24, 1/26	2	10: 3/21, 3/23	(Spring Break)
3: 1/31, 2/2	3	11: 3/28, 3/30	9
4: 2/7, 2/9	3, 4	12: 4/4, 4/6	10
5: 2/14, 2/16	4	13: 4/11, 4/13	Guest Lecture, Midterm 2
6: 2/21, 2/23	Midterm 1 , 5	14: 4/18, 4/20	Guest Lecture, 11
7: 2/28, 3/2	6	15: 4/25, 4/27	12
8: 3/7, 3/9	7	16: 5/2, 5/4	Review, Presentations

Grading: The course is graded on a standard A-F +/- scale (e.g., A=93%+), though I reserve the right to curve the grade distribution in your favor (e.g., A=91%+). Any grade less than a D- is failing. For credit/no credit, any grade less than a C is considered as no credit.

Grade percentages:

Attendance:	10%
Homework:	15%
Midterm exam 1:	20%
Midterm exam 2:	20%
Presentation:	10%
Final exam:	25%

Attendance: Lecture attendance is required. If you cannot attend a lecture (for any reason), you can receive credit by emailing me an original typed single spaced page summarizing in your own words the chapter(s) covered in that lecture by 24 hours after the class time of the lecture.

Homework: Problems generally will be assigned on Thursdays and due the following Tuesday (in class or my mailbox) by the start of lecture. Late homework will not be accepted. Each problem set will also include a podcast from NPR's Planet Money and a reading. You may work with up to 2 other students, but must turn in your own answers with the others' names on the top.

Piazza: This course has a Piazza forum (search for Econ 640 at <https://piazza.com/ku>). Use is optional but encouraged. Please do not post answers to homework until the day after it is due.

Presentation: You are required to do a 10 minute oral presentation with slides on an academic economics article which we did not cover in class. Please include the paper's question, hypothesis, data, variation, counterfactual, and conclusion. No need to focus on the results tables or econometrics. See the list at the end of the syllabus or the end of each chapter in the textbook.

Exams: Exams will be in-person during prescheduled times (e.g., 11:00-12:15), closed book, no electronic devices (including calculators). Please speak to me if you are a varsity athlete who will be traveling and in need of a proctor. If you believe I have made an error in grading your exam send me a detailed email within 48 hours of me returning the exam and then come to my office hours to discuss. I will re-grade your entire exam -- your score may increase or decrease.

Make-up exam: Make-up exams for religious holidays will be provided with documentation from a religious official. Please speak to me by February 1. Last minute make-up exams will only be provided in extreme situations, such as incapacitating illness or a death in the family. Please come speak to me and bring official documentation. Otherwise, see "reweighting" below.

Reweighting: If you do substantially better on the final exam than on either/both midterms, I will reweight your final grade toward the final exam. For example, if your exam scores are 65, 80, then I will calculate your average as $0.2 * 85 + 0.55 * 80$ and drop midterm 2. This can also be used if you have to miss an exam due to a reason that does not qualify for a make-up.

Electronic devices: We are all addicted to our smartphones. Using them has a negative effect on grades (Carter, S. P., et al. 2016. "The Impact of Computer Usage on Academic Performance: Evidence from a Randomized Trial at the United States Military Academy." SEII Discussion Paper #2016.02.) For lecture material from the textbook, this class will therefore have a "no electronic devices" policy. If I see you using one in class, I may void your attendance. If there is an emergency, please leave the room before answering your phone. Recording of lectures without my prior consent is also prohibited. For days with readings you may use an electronic device for that portion of the lecture.

Disability Requirements: If you have a disability and require accommodations, please contact the Disabilities Resources Office at the University of Kansas (<http://disability.ku.edu>)

Academic Integrity: The rules of academic integrity will be strictly enforced (please refer to the University of Kansas's guidelines). Breaches will not be tolerated under any circumstances. Please see <https://studentaffairs.ku.edu/academic-integrity> for more information.

Disclaimer: I reserve the right to modify this syllabus in the event of an unforeseen situation.

Assignment List

Assignment 1: Labor Supply, Ch 2:1-6 (due 1/24)

Problems: 2-3, 2-4, 2-6

Bailey, Martha. (2006). "More Power to the Pill: The Impact of Contraceptive Freedom on Women's Long-Run Labor Supply," Quarterly Journal of Economics, 289-320.

<http://qje.oxfordjournals.org/content/121/1/289.short>

<http://www.npr.org/sections/money/2015/07/24/426017148/episode-641-why-we-work-so-much>

Assignment 2: Labor Supply, Ch 2:7-13 (due 1/31)

Problems: 2-8, 2-14, 2-15

Eissa and Liebman. (1996). "Labor Supply Response to the Earned Income Tax Credit" Quarterly Journal of Economics 111(2): 605-637.

<http://qje.oxfordjournals.org/content/111/2/605.short>

<http://www.npr.org/sections/money/2013/04/12/177063399/episode-451-why-some-people-love-tax-day>

Assignment 3: Labor Demand, Ch 3:1-10 (due 2/7)

Problems: 3-1, 3-3, 3-8

Card and Krueger (1994) "Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania" American Economic Review 84(4):772-793.

<http://www.jstor.org/stable/2118030>

<http://www.npr.org/sections/money/2014/08/22/342232976/episode-562-a-mall-divided>

Assignment 4: Labor Demand, Ch 3:11-12 & 4:1-2, 5 (due 2/14)

Problems: 3-14, 4-3, 4-5

Card, David. (1990). "The Impact of the Mariel Boatlift on the Miami Labor Market," ILR Review 43(2): 245-257.

<http://journals.sagepub.com/doi/abs/10.1177/001979399004300205>

<http://www.npr.org/sections/money/2016/04/22/475339930/episode-697-help-wanted>

Assignment 5: Labor Market Equilibrium, Ch 4:3-4, 6-8 & 5 (due 2/28)

Problems: 4-15, 5-4, 5-7, 5-9

Borjas, G. (2017). "The Wage Impact of the Marielitos: A Reappraisal." *Industrial and Labor Relations Review*, forthcoming.

<https://www.hks.harvard.edu/fs/gborjas/publications/journal/ILRR2017.pdf>

<http://www.npr.org/sections/money/2015/11/04/454698093/episode-661-the-less-deadly-catch>

Assignment 6: Human Capital, Ch 6 (due 3/7)

Problems: 6-2, 6-12, 6-15

Bedard, Kelly. (2001). "Human Capital versus Signaling Models: University Access and High School Dropouts," *Journal of Political Economy* 109(4): 749-775.

<http://www.journals.uchicago.edu/doi/10.1086/322089>

<http://www.npr.org/sections/money/2014/02/14/277015271/duke-60-000-a-year-for-college-is-actually-a-discount>

Assignment 7: Inequality, Ch 7 (due 3/28)

Problems: 7-2, 7-8, 7-10

Piketty, Thomas and Emmanuel Saez. (2003). "Income Inequality in the United States, 1913-1998," *Quarterly Journal of Economics* 118(1): 1-41.

<http://qje.oxfordjournals.org/content/118/1/1.abstract>

<http://www.npr.org/sections/money/2016/02/05/465747726/-682-when-ceo-pay-exploded>

Assignment 8: Labor Mobility & Discrimination, Ch 8 & 9 (due 4/4)

Problems: 8-4, 8-14, 9-5, 9-8

Borjas, George J. and Kirk B. Doran. (2012). "The Collapse of the Soviet Union and the Productivity of American Mathematicians," *Quarterly Journal of Economics* 127(3): 1143-1203.
<http://qje.oxfordjournals.org/content/127/3/1143>

Bertrand and Mullainathan (2004). "Are Emily and Greg More Employable Than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination," *American Economic Review* 94: 991-1013.

<https://www.aeaweb.org/articles?id=10.1257/0002828042002561>

<http://www.npr.org/sections/money/2015/10/21/450278942/episode-550-when-salaries-arent-secret>

Assignment 9: Unions 10, Ch (due 4/18)

Problems: 10-1, 10-8, 10-12

Holmes, Thomas J. (1998). "The Effect of State Policies on the Location of Manufacturing: Evidence from State Borders" *Journal of Political Economy* 106: 667-705.
<http://www.journals.uchicago.edu/doi/abs/10.1086/250026>

<http://www.npr.org/sections/money/2015/10/16/449264812/episode-658-strike-one>

Assignment 10: Incentive Pay 11, Ch (due 4/25)

Problems: 11-3, 11-4, 11-7

Lazear, Edward P. (2000). "Performance Pay and Productivity" *American Economic Review* 90:1346-1361.
<https://www.aeaweb.org/articles?id=10.1257/aer.90.5.1346>

<http://www.npr.org/sections/money/2016/05/06/477082513/episode-700-peanuts-and-cracker-jack>

Assignment 11: Unemployment 12, Ch (due 5/2)

Problems: 12-2, 12-4, 12-12

Card, Chetty, and Weber (2007) “The Spike at Benefit Exhaustion: Leaving the Unemployment System or Starting a New Job?” *American Economic Review* 97 May: 113-118.

<https://www.aeaweb.org/articles?id=10.1257/aer.97.2.113>

<http://www.npr.org/sections/money/2015/05/22/408834372/episode-626-this-is-the-end>

Examples of other papers to use for your presentation:

- Angrist and Evans (1998). "Children and Their Parents' Labor Supply: Evidence from Exogenous Variation in Family Size" *American Economic Review* 88(3): 450-477.
- Angrist, Joshua, and Alan Krueger. (1991). "Does Compulsory School Attendance affect Schooling and Earnings," *Quarterly Journal of Economics*, 106, 979–1014.
- Ashenfelter, Orley and Cecilia Rouse. (1998). "Income, Schooling and Ability: Evidence from a New Sample of Identical Twins," *Quarterly Journal of Economics*, 113, 253–84.
- Ashenfelter and Greenstone (2004). "Using Mandated Speed Limits to Measure the Value of a Statistical Life" *Journal of Political Economy* 112: S226-67.
- Bertrand, M. and S. Mullainathan,. (2001). "Are CEOs Rewarded for Luck? The Ones Without Principals Are," *Quarterly Journal of Economics* 116: 901-932.
- Borjas, George. (1980). "The Relationship Between Wages and Weekly Hours of Work: The Role of Division Bias," *Journal of Human Resources* 15(3): 409-423.
- Diamond, R. (2016). "The Determinants and Welfare Implications of US Workers' Diverging Location Choices by Skill: 1980-2000." *American Economic Review*, 106(3): 479-524. 201
- Groen. (2004). "The Effect of College Location on Migration of College-educated Labor" *Journal of Econometrics*: 125-142.
- Gruber, J. (1994). "The Incidence of Mandated Maternity Benefits," *American Economic Review*, 84: 622-41.
- Hirsch and Schumacher. (2009). "Underpaid or Overpaid: Wage Analysis for Nurses Using Job and Worker Attributes" working paper
- Imbens, G.W., D.B. Rubin and B.I. Sacerdote. (2001). "Estimating the Effect of Unearned Income on Labor Earnings, Savings, and Consumption: Evidence from a Survey of Lottery", *American Economic Review*, 91:778-794.
- León, Gianmarco and Edward Miguel. (2017). "Risky Transportation Choices and the Value of a Statistical Life." *American Economic Journal: Applied Economics*, 9(1): 202-28.
- Mas, Alexandre. (2005). "Pay, Reference Points, and Police Performance," *Quarterly Journal of Economics*: 783-821.
- Olsen, Craig. (2002). "Do Workers Accept Lower Wages in Exchange for Health Benefits?" *Journal of Labor Economics*, 22(2): S91-S214.

Staiger, D.O., J. Spetz & C. S. Phibbs, (2010). "Is There Monopsony in the Labor Market? Evidence from a Natural Experiment, " *Journal of Labor Economics*, 28(2): 211-236.