

SYLLABUS ECON 770: Economics of the Labor Market Spring 2022

Line Number 57666

Tu/Th 11:00-12:15

Snow 321

Professor Donna K. Ginther

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Office Hours: Tuesday 9:30-10:30
or by appointment.

Course Description:

This is a graduate level course that addresses the theoretical and empirical issues surrounding the economics of labor markets. Topics covered include: labor supply, labor demand, the human capital model, wage structure, discrimination, and unemployment. Econ 700 or equivalent and Econ 715, Econ 526 or equivalent are required.

Requirements:

Course grades are determined by a combination of 4 assignments, one exam, and a research paper. All problem sets should be typed, double-spaced with a 12 point font. Math and graphs can be handwritten.

The Research Paper:

The research paper depends upon your interest and econometric skills. You may write a review essay of the literature on a particular topic or conduct original econometric analysis. The paper should be 10-15 pages long. You should plan to have a paper topic by no later than March 22nd. During the semester, you will turn in ungraded progress reports on your paper. All papers should be emailed to me as Word Documents by May 12th at 5 PM.

Grading Policy:

Late assignments will not be accepted. No exams can be made up without written documentation of an emergency. Letter grades you receive in the course are final. If you disagree with how course assignments are graded, you may submit a request for re-grading in writing. If the request is granted, the entire assignment will be re-graded. Your grade will be determined by a weighted average of the total points accumulated on the following requirements:

<u>Requirement:</u>	<u>Weight:</u>
1. 4 Assignments	55 %
2. Midterm Exam	25 %
3. Research Paper	20 %

Course-Related Policies:

- Attendance is not required. However, if you consistently miss class, it will adversely affect your grade because most of the material is not in the textbook. Students are responsible for

obtaining missed lecture notes from their classmates. I expect that you arrive to class on time and not depart early. I also request that all cell phones and pagers are turned off for the duration of the class.

- This course requires computer literacy. You are expected to access the course website for access to problem sets, information, and readings. In addition, we will be using STATA for some of the problem sets.
- Any student with a disability that may preclude full course participation should contact the instructor in order to discuss accommodations.
- Any student who plans to observe a religious holiday that conflicts in any way with this course should contact the instructor in order to discuss accommodations.
- This course requires some writing. Bad writing = lower grade. If a paper does not meet a minimal quality of writing, I will not accept it. Thus, I encourage you to use the KU writing centers. When you visit, bring your work in progress and a list of issues that you would like to discuss with the peer instructors. The Writing Centers are open in several different locations across campus; please check the website at <http://www.writing.ku.edu> for current locations and hours. The Writing Centers offer online feedback and in-person appointments, and there is no charge for their services. For more information consult the website or send an e-mail to writing@ku.edu.

Office Hours:

Office hours are on Tuesdays from 9:30 – 10:30 AM or by appointment. Occasionally, the instructor will reschedule office hours and will make announcements in class and on the course website. The most efficient way to contact the instructor outside of class is by using email: dginther@ku.edu. You may also leave a voice mail at 864-3251. However, please be certain to leave a phone number where I may reach you.

Text:

Borjas, George J., *Labor Economics*, Eighth Edition, McGraw-Hill, 2020.

Software:

STATA is available in the Economics graduate student lab. No previous computing experience is required for this course. If you prefer to do your assignments on your home computer, you may purchase a student version of STATA. KU has a Grad Plan that gives students a discount for purchasing the software. Order the software at <http://www.stata.com>. You will need to select educational institution, Grad Plan, and enter the University of Kansas to get the discount.

Tentative Course Calendar:

Any changes in the course calendar will be announced in class and posted on the website.

The Week of:	Topic:	Assignment:
January 18	Introduction to course	Borjas Chapter 1,
January 25	Introduction to Labor Economics	Borjas Chapter 2
February 1	Labor Supply of Men Labor Supply of Men	Borjas Chapter 2, <u>Assignment 1</u>
February 8	Labor Supply of Women	Borjas Chapter 2
February 15	Topics in Labor Supply	Labor Supply Readings
February 22	Labor Demand	<u>Assignment 2</u>
March 1	Labor Demand	Borjas Chapter 3
March 8	Labor Market Equilibrium Minimum Wage	Borjas Chapter 4 <u>Assignment 3</u>
March 15	No Class, Spring Break	
March 22	Human Capital Model	<u>Exam 1</u> <u>Borjas Chapter 6</u>
March 29	The Human Capital vs. Signaling Model, Estimating the Returns to Schooling	Borjas Chapter 6
April 5	The Structure of Wages	Borjas Chapter 7
April 12	The Structure of Wages	<u>Assignment 4</u> Borjas Chapter 7
April 19	Discrimination	Borjas Chapter 9
April 26	Unemployment	Borjas Chapter 12 Assignment 5
May 3	Paper Presentations in class	

Readings:

These papers will be made available on-line under the course documents section on the course website. The readings may be subject to change. Announcements will be made in class and on the course website:

1. Introduction:

Becker, Gary. 1965. "A Theory of the Allocation of Time." *Economic Journal* 75: 493-517.

2. Labor Supply:

Blundell, Richard and Thomas Macurdy. 1999. "Labor Supply: A Review of Alternative Approaches." In O. Ashenfelter and D. Card, eds., *Handbook of Labor Economics*, North-Holland: Amsterdam, (3A):1559-1695.

Aguiar, Mark and Hurst, Erik. "Measuring Trends in Leisure: The Allocation of Time over Five Decades." *Quarterly Journal of Economics*, August 2007.

Blau, Francine D. and Lawrence M. Kahn. 2007. "Changes in the Labor Supply Behavior of Married Women 1980-2000." *Journal of Labor Economics*. 25(3): 393-438.

Goldin, C. and Mitchell, J. 2017. "The New Life Cycle of Women's Employment: Disappearing Humps, Sagging Middles, Expanding Tops." *Journal of Economic Perspectives* 31(1) 161-182.

Farber, Henry S. 2005. "Is Tomorrow Another Day? The Labor Supply of New York City Cab Drivers." *Journal of Political Economy*. 113(1): 46-82.

Farber, Henry S. 2008. "Reference Dependent Preferences and Labor Supply: The Case of New York City Cab Drivers." *American Economic Review*. 98(3): 1069-1082.

Fehr, Ernst and Lorenz Gotte. 2007. "Do Workers Work More if Wages are High? Evidence from a Randomized Field Experiment." *American Economic Review*. 97(1): 1069-1082.

Andersen, Steffen, Alec Brandon, Uri Gneezy and John A. List. "Toward an Understanding of Reference-Dependent Labor Supply: Theory and Evidence from a Field Experiment." NBER Working Paper 20695. November 2014.

Stafford, T. 2015. "What Do Fisherman Tell Us that Taxi Drivers Don't? An Empirical Investigation of Labor Supply," *Journal of Labor Economics*, 33(3).

Angrist, J., Caldwell S., and Hall, J. "Uber vs Taxi: A Driver's Eye View," National Bureau of Economics. Working Paper 23891. October 2017.

Alexandre Mas & Amanda Pallais, 2019. "[Labor Supply and the Value of Non-Work Time: Experimental Estimates from the Field.](#)" *American Economic Review: Insights*, vol 1(1), pages 111-126.

Cramer, J. and Krueger, A.B. 2016. "Disruptive Change in the Taxi Business: The Case of Uber." *American Economic Review Papers & Proceedings* 106(5): 177-182.

Jonathan V. Hall & Alan B. Krueger, 2018. "[An Analysis of the Labor Market for Uber's Driver-Partners in the United States.](#)" *ILR Review*, vol 71(3), pages 705-732.

M. Keith Chen & Judith A. Chevalier & Peter E. Rossi & Emily Oehlsen, 2019. "[The Value of Flexible Work: Evidence from Uber Drivers.](#)" *Journal of Political Economy*, vol 127(6), pages 2735-2794.

3. Topics in Labor Supply:

Lunberg, Shelly, and Robert Pollak. 1996. "Bargaining and Distribution in Marriage." *Journal of Economic Perspectives*. 10(4): 139-58.

Lunberg, Shelly, and Robert Pollak. 2007. "The American Family and Family Economics." *Journal of Economic Perspectives*. 21(2): 3-26.

Juhn, C. and McCue, K. 2017. "Specialization Then and Now: Marriage, Children, and the Gender Earnings Gap across Cohorts." *Journal of Economic Perspectives* 31(1) 183-204.

Blank, Rebecca. 2002. "Evaluating Welfare Reform in the United States." *Journal of Economic Literature* 40(4):1105-1166.

Hotz, V. Joseph and John Karl Scholz, "Not Perfect, but Still Pretty Good: The EITC and Other Policies to Support the US Low-Wage Labour Market." *OECD Economic Studies* 0(31), 2000, pages 25-42.

Hotz, V. Joseph and John Karl Scholz, "The Earned Income Tax Credit," in *Means-Tested Transfer Programs in the U.S.*, R. Moffitt, ed., Chicago: University of Chicago Press, 2003, 141-198.

Hoynes, Hilary W. and Ankur J. Patel. 2018. "Effective Policy for Reducing Poverty and Inequality? The Earned Income Tax Credit and the Distribution of Income." *Journal of Human Resources* 53(4): 859-890.

Moffitt, Robert. 2003. "The Negative Income Tax and the Evolution of U.S. Welfare Policy," *Journal of Economic Perspectives*. Summer 2003; 17(3): 119-40.

[Temporary Assistance for Needy Families](#), James P. Ziliak. in [Economics of Means-Tested Transfer Programs in the United States, Volume 1](#), Moffitt. 2016

[The Earned Income Tax Credit](#), Austin Nichols, Jesse Rothstein. in [Economics of Means-Tested Transfer Programs in the United States, Volume 1](#), Moffitt. 2016

[US Food and Nutrition Programs](#), Hilary Hoynes, Diane Whitmore Schanzenbach. in [Economics of Means-Tested Transfer Programs in the United States, Volume 1](#), Moffitt. 2016

4. Labor Demand / Minimum Wage:

Curtis, E. Mark, Garrett, Daniel G., Ohn, Eric C., Roberts, Kevin A., Suarez-Serrato, Juan Carlos. 2021. "Capital Investment and Labor Demand." NBER Working Paper # 29485.

Hamermesh, Daniel S. 1986. "The Demand for Labor in the Long-Run." In Ashenfelter and R. Layard, eds., *Handbook of Labor Economics*, North-Holland: Amsterdam, (1):429-471.

Hamermesh, Daniel S. and Trejo, Stephen J. "The Demand for Hours of Labor: Direct Evidence from California." *Review of Economics and Statistics*, February 2000.

José Azar & Ioana Marinescu & Marshall Steinbaum & Bledi Taska, 2020. "[Concentration in US labor markets: Evidence from online vacancy data](#)," *Labour Economics*, vol 66.

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

Kennan, John. 1995. "The Elusive Effects of Minimum Wages." *Journal of Economic Literature*, 33(4): 1950-1965.

D. Neumark and W.L. Wascher, Minimum Wages and Employment, Foundations and Trends in Microeconomics, vol. 3, no. 1+2, pp 1-182, 2007. NBER Working Paper W12663.

Jeffrey Clemens & Michael Wither, 2019. "[The minimum wage and the Great Recession: Evidence of effects on the employment and income trajectories of low-skilled workers](#)," *Journal of Public Economics*,

Clemens, J. and Strain, M.R. 2017. "Estimating the Employment Effects of Recent Minimum Wage Changes: Early Evidence, an Interpretive Framework, and a Pre-Commitment to Future Analysis." NBER Working Paper 23084.

Clemens, J., Kahn, L.B., and Meer, J. 2018. "The Minimum Wage, Fringe Benefits, and Worker Welfare." NBER Working Paper 24635.

Meer, J. and West, J. 2016. "Effects of the Minimum Wage on Employment Dynamics," *Journal of Human Resources*, 51(2), pages 500-522.

Autor, D.H., Manning, A. and Smith, C.L. 2016. "The Contribution of the Minimum Wage to US Wage Inequality over Three Decades: A Reassessment," *American Economic Journal: Applied Economics*, 8(1), pages 58-99.

Lordan, G. and Neumark, D. 2018. "People Versus Machines: The Impact of Minimum Wages on Automatable Jobs," *Labour Economics*.

Jardim, E., Long, M.C., Plotnick, R. van Inwegen, E., Vigdor, J., Wething, H. 2018. "Minimum Wage Increases, Wages, and Low-Wage Employment: Evidence from Seattle." NBER Working Paper 23532.

McKinnish, T. 2017. "Cross-Border Minimum Wage Differentials and Out-of-State Commuting by Low-Wage Workers." *Regional Science and Urban Economics*.

5. Human Capital / Signaling:

Willis, Robert 1986. "Wage Determinants: A Survey and Reinterpretation of Human Capital Earnings Functions" In Ashenfelter and R. Layard, eds., *Handbook of Labor Economics*, North-Holland: Amsterdam, (1):429-471.

Willis, Robert, and Sherwin Rosen. 1979. "Education and Self-Selection." *Journal of Political Economy*. (October 1979) S7-36.

Card, David. 1999. "The Causal Effect of Education on Earnings." In O. Ashenfelter and D. Card, eds., *Handbook of Labor Economics*, North-Holland: Amsterdam, (3A):1801-1864.

Oreopoulos, Philip. 2006. "Estimating Average and Local Average Treatment Effects of Education When Compulsory Schooling Laws Really Matter." *The American Economic Review* 96(1): 152-175.

Spence, Michael. 1973. "Job Market Signaling." *Quarterly Journal of Economics*. 87(3): 355-74.

Weiss, Andrew, "Human Capital vs. Signalling Explanations of Wages," *Journal of Economic Perspectives*, 9(4), Fall 1995, 133-154.

Martorell, P. and Clark, D. 2014. "The Signaling Value of a High School Diploma," *Journal of Political Economy*, 122(2).

6. Structure of Wages:

Katz, Lawrence F. and David Autor. 1999. "Changes in the Wage Structure and Earnings Inequality." In O. Ashenfelter and D. Card, eds., *Handbook of Labor Economics*, North-Holland: Amsterdam, (3A):1463-1558.

Card, David and John DiNardo. 2003. "Skill-Biased Technological Change and Rising Wage Inequality: Some Problems and Puzzles." *Journal of Labor Economics*, 20:4: 733-83.

Autor, David H., Frank Levy, and Richard Murnane. 2002. "The Skill Content of Recent Technological Change." *Quarterly Journal of Economics*. 118(4): 1279-1333.

Autor, David, Lawrence Katz, and Melissa Kearney. "Trends in U.S. Wage Inequality: Revising the Revisionists." *The Review of Economics and Statistics* 90, no. 2 (2008): 300–323.

Autor, David H. (2010), "The Polarization of Job Opportunities in the U.S. Labor Market: Implications for Employment and Earnings," Washington, D.C.: The Brookings Institution Hamilton Project.

Lemieux, Thomas (2008), "The Changing Nature of Wage Inequality," *Journal of Population Economics*.

Goldin, Claudia and Lawrence Katz (2007), "Long-Run Changes in the Wage Structure: Narrowing, Widening, Polarizing," *Brookings Papers on Economic Activity*.

Haskel, Jonathan, Robert Z. Lawrence, Edward E. Leamer, and Matthew J. Slaughter (2012), "Globalization and U.S. Wages: Modifying Classic Theory to Explain Recent Facts," *Journal of Economic Perspectives*, 26(2): 119–140.

Atkinson, Anthony B., Thomas Piketty, and Emmanuel Saez (2011), "Top Incomes in the Long Run of History," *Journal of Economic Literature*, 49(1): 3–71.

Alvaredo, Facundo, Anthony B. Atkinson, Thomas Piketty, and Emmanuel Saez. 2013. "The Top 1 Percent in International and Historical Perspective." *Journal of Economic Perspectives* 27(3): 3-20.

7. Discrimination:

Altonji, Joseph and Rebecca Blank. 1999. "Race and Gender in the Labor Market." In O. Ashenfelter and D. Card, eds., *Handbook of Labor Economics*, North-Holland: Amsterdam, (3C):3143-3260.

Francine D. Blau and Lawrence M. Kahn, "Gender Differences in Pay," *Journal of Economic Perspectives*, 14(4), 2000: 75-99.

Francine D. Blau and Lawrence M. Kahn, 2017. "The Gender Wage Gap: Extent, Trends, and Explanations," *Journal of Economic Literature*, 55(3): 789-865.

Charles, Kerwin Kofi and Jonathan Guryan. 2008. "Prejudice and Wages: An Empirical Assessment of Becker's *The Economics of Discrimination*." *Journal of Political Economy* 116(5): 773-809.

Bertrand, M., and Duflo, E. 2016. "Field Experiments on Discrimination." NBER Working Paper 22014.

8. Unemployment:

Juhn, Chinhui and Simon Potter. 2006. "Changes in Labor Force Participation in the United States." *Journal of Economic Perspectives*, 20(3): 27-46.

Juhn, Chinhui, Kevin M. Murphy, and Robert H. Topel. 2002. "Current Unemployment, Historically Contemplated," *Brookings Papers on Economic Activity* 0(1): 79-116.

Schmieder, Johannes F., Till Von Wachter, and Stefan Bender (2012), "The Effects of Extended Unemployment Insurance over the Business Cycle: Evidence from Regression Discontinuity Estimates over 20 Years," *The Quarterly Journal of Economics*, 127(2): 701-752.

Rothstein, Jesse (2011), "Unemployment Insurance and Job Search in the Great Recession," *Brookings Papers on Economic Activity*, Fall: 143-210.

Rothstein, Jesse (2012), "The Labor Market Four Years into the Crisis: Assessing Structural Explanations," *Industrial and Labor Relations Review*, 65(3).