

Brown University
Department of Economics

Professor Ken Chay
Spring Semester, 2008

**ECONOMICS 1310
LABOR ECONOMICS**

Course Time: Tuesday and Thursday, 1 – 2:20 pm in 165 Watson (CIT) Center

Course Website: MyCourses

Office Hours:

Tuesday 2:30 – 3:30 pm; Thursday 10:30 – 11:30 am
301 Mencoff (Population Studies and Training Center)
kenneth_chay@brown.edu

Discussion Times:

C01: Wednesday 12-12:50 pm in Rhode Island Hall 001
C02: Wednesday 7-7:50 pm in Rhode Island Hall 001

Graduate Student Instructor:

Tomislav Ladika
Office Hours: TBA

Course Overview and Objectives:

This course focuses on theoretical and empirical analyses of wage and employment determination in the labor market. The role of public policy in affecting labor market outcomes in the United States is also examined. Topics include labor supply, labor demand, minimum wages, the economics of human capital (education), discrimination and the impact of antidiscrimination programs, immigration, changes in earnings inequality over time, and program evaluation.

By the end of the course, students should be familiar with major labor market institutions, know stylized facts about the U.S. labor market, and have a firm grasp of theoretical and empirical approaches to labor market issues. In addition, they should be able to evaluate the credibility of the empirical evidence used to test competing theories and measure the effectiveness of government interventions.

Required Background: ECON 1110 or 1130, and ECON 1620

Readings:

Text: George J. Borjas, *Labor Economics* (Fourth Edition), 2008. Available at Brown Bookstore.

Research Papers: Additional (empirical) papers will be made available on the MyCourses website as the course proceeds.

Course Requirements:

Students are expected to read assigned readings before class and to attend lectures, as class participation (especially in Discussion section) is important. Requirements include problem sets, a midterm exam, a final exam, and participation.

Class handouts (e.g., problem sets and solutions) will be available at the MyCourses website.

Course Grading:

25% Mid-Term Exam (In class, Tuesday March 18)
40% Final Exam (9 am, Thursday May 8, location TBA)
25% 4 Problem Sets
10% Participation

The problem sets will be due **in class** on February 14, March 6, April 10, and May 1 and will be handed out roughly 9 days before they are due. Class participation will be used to help determine grades for those students on the margin.

Late problem sets will not be accepted.

Permission for a make-up exam must be received at least 1 week in advance of the scheduled exam.

We will have lectures on April 29 and May 1 of Reading Period.

ROUGH SCHEDULE OF LECTURES

- Jan. 24:** **Introduction to Labor Economics**
Borjas (B) Chapter 1
- Jan. 29/31:** **Labor Supply**
B Chapter 2
- Feb. 5/7:** **Labor Supply: Topics and Policy Applications**
B Chapter 3
- Feb. 12/14/21:** **Labor Demand: Competitive and Noncompetitive Markets**
B Chapter 4 and Section 5.8
- Feb. 26:** **Labor Demand and the Minimum Wage**
David Card and Alan Krueger, Chapter 1, "Introduction and Overview," in *Myth and Measurement: The New Economics of the Minimum Wage*, Princeton University Press, 1995, 1-19.
David Card, "Using Regional Variation in Wages to Measure the Effects of the Federal Minimum Wage," *Industrial and Labor Relations Review*, vol. 46, no. 1, October 1992, 22-37.
- Feb. 28:** **Labor Market Equilibrium**
B Chapter 5
- March 4/6:** **Causal Inference with Non-experimental Data**
B Chapter 1 Appendix
Popper, Karl, "Science: Conjectures and Refutations," in *Philosophy of Science: The Central Issues*, Martin Curd and J.A. Cover, eds., W.W. Norton and Company, pp. 3-10.

Freedman, David, "Statistical Models and Shoe Leather," *Sociological Methodology*, 21, 1991, 291-313.

March 11/13: Human Capital
B Chapter 7

March 18-27: Mid-Term Exam and Spring Break

April 1/3: Human Capital: Empirical Evidence
Ashenfelter, Orley and Alan Krueger, "Estimates of the Economic Return to Schooling from a New Sample of Twins," *American Economic Review*, 84(5), December 1994, 1157-1173.
Lalonde, Robert, "Evaluating Econometric Evaluations of Training Programs with Experimental Data," *American Economic Review*, 76(4), September 1986, 604-620.

April 8/10/15: Labor Mobility and Immigration
B Chapter 9 and Sections 5.5, 5.6, 5.9
Paul H. Douglas, "Is the New Immigration More Unskilled than the Old?" *Journal of the American Statistical Association*, 16(126), 1919, 393-403.
David Card, "The Impact of the Mariel Boatlift on the Miami Labor Market," *Industrial and Labor Relations Review*, vol. 43, no. 2, January 1990, 245-257.

April 17/22: Labor Market Discrimination
B Chapter 10
Papers, TBA

April 24: Labor Unions
B Chapter 11

April 29/May 1: Changes in Earnings Inequality over Time
B Chapter 8
DiNardo, John, and Jörn-Steffen Pischke, "The Returns to Computer Use Revisited: Have Pencils Changed the Wage Structure Too?" *Quarterly Journal of Economics*, 112(1), February 1997, 291-303.

May 6: Review for Final Exam

May 8: Final Exam, 9 am