

Rutgers University Department of Economics
Econ 402: Labor Economics

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Class time: T. Th 6:00-10:00 pm
Class room: Scott Hall 101
Office hours: M. T 12:30-14:00 pm

Learning goals

The course covers major topics in labor economics including labor demand, labor supply, wage determination, wage differentials, human capital, immigration and labor market discrimination. Students will learn about the fundamental concepts about labor market and acquire basic empirical and econometric tools to do economic analysis. The course aim to help students learn to think critically on questions about the operation of the labor market.

Course Prerequisites:

Students taking this course **must have** completed **Intermediate Microeconomics** (Econ 320) and **Econometrics** (Econ 322) with a **minimum grade of C**

Textbook & Readings

The required text for the course is Borjas, Labor Economics. You can use either the seventh edition or the sixth edition of this text. Other readings for the course are given in the syllabus, below. These readings, and the lecture notes, will be available on the Sakai site for the course.

Assessment

1. Summary of one paper	10%	Due June 22 nd
2. Quizzes	20%	
3. Midterm exam	30%	June 15 th
4. Final exam	40%	July 6 th

Summary should be of a paper in the reading list. The focus should be on the question of interest in the paper, what is the authors' finding, what you have learned from the paper and what econometric estimation tools they used in estimation. The summary may be in outline or note form, and it must be **hand-written**.

The Quizzes: Four quizzes will be given during the semester; your best two quiz scores will be used in computing your course grade. Dates of quizzes will not be announced in advance. Anyone absent from a quiz will receive a score of zero for that quiz. There will be **no makeups for any quiz**. (In lieu of makeups, you get to drop your two lowest quiz scores.) If you arrive after a quiz is being distributed, you will not be allowed to take it. Each quiz will be open-book/open-notes, consist of multiple-choice questions, and take no more than 30 minutes. The quizzes are graded using a Scantron form, so please **always bring a pencil with an eraser to class**.

The Exams: Review questions will be distributed before the exams. Both midterms and finals are open book and open notes which requires no memorization but emphasize clear thinking and application of economic analysis.

Grading:

Numerical Grade	Letter Grade
90-100	A
85-89.99	B+
78-84.99	B
73-77.99	C+
65-72.99	C
58-64.99	D
0-57.99	F

Suggestions for students:

Although this is not a requirement for this course, I strongly suggest you to listen to Podcasts/Radio such as *Freakonomics* and *Planet Money*. You should also regularly read one or more publications in economics and business (e.g., *The New York Times*; *The Wall Street Journal*; *Business Week*; *Fortune*, *The Economist*; etc.) These all helps you to build up economic intuition early on and associate what you learned in class with real life events.

Remarks and Class Rules:

- No make up exams will be given unless written and validated reasons are provided.
- Turn off your cell phones and laptops during the lectures and exams.

Integrity:

Note Rutgers' integrity policy at academicintegrity.rutgers.edu/policy-on-academic-integrity.

Course Outline and Reading list

1. Introduction

Chapter 1: Introduction (including Appendix on regression analysis)

2. Labor Demand

Chapter 3: Labor Demand

David, 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), pp.58-99.

Jaimovich, N. and Siu, H.E., 2012. "[The trend is the cycle: Job polarization and jobless recoveries \(No. w18334\).](#)" National Bureau of Economic Research.

3. Labor Supply

Chapter 2: Labor Supply

Marco Bianchi, Bjorn Gudmundsson and Gylfi Zoega. "[An Icelandic Natural Experiment in Supply-Side Economics](#)". *American Economic Review*, December 2001, pp. 1564-1579.

Heckman, J.J., 1977. [Sample selection bias as a specification error \(with an application to the estimation of labor supply functions\).](#)

Acemoglu, Daron, David H. Autor, and David Lyle. "[Women, war, and wages: The effect of female labor supply on the wage structure at midcentury.](#)" *Journal of political Economy* 112.3 (2004): 497-551.

4. Wage Determination

Chapter 4: Labor Market Equilibrium

David, H., Dorn, D. and Hanson, G.H., 2013. [The China syndrome: Local labor market effects of import competition in the United States.](#) *The American Economic Review*, 103(6), pp.2121-2168.

David, 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), pp.58-99.

Imbens, Guido, Don Rubin and Bruce Sacerdote. "[Estimating the Effect of Unearned Income on Labor Earnings, Savings, and Consumption: Evidence from a Survey of Lottery Players](#)". *American Economic Review*, September 2001 pp.778-794.

Midterm Exam(Covering Above) June 15th

5. Wage Differentials and Human Capital

Chapter 5: Compensating Wage Differentials

Chapter 6: Human Capital

Chapter 11: Incentive pay

Bhuller, M., Mogstad, M. and Salvanes, K.G., 2014. "[Life cycle earnings, education premiums and internal rates of return \(No. w20250\).](#)" National Bureau of Economic Research.

Angrist, Joshua and Alan Krueger. 1991. "[Does Compulsory School Attendance Affect Schooling and Earnings?](#)" *Quarterly Journal of Economics*, pp. 979-1014.

Deming, D., Hastings, J., Kane, T. and Staiger, D., 2011. "[School choice, school quality and academic achievement.](#)" NBER Working Paper, 17438.

6. Topics in Labor Market Structure

Chapter 7. The Wage Structure

Chapter 8. Labor Mobility

Chapter 9. Labor market discrimination

Chapter 10. Unions

Lubotsky, D., 2007. "[Chutes or ladders? A longitudinal analysis of immigrant earnings.](#)" *Journal of Political Economy*, 115(5), pp.820-867.

DiNardo, John and David Lee. 2004. "[Economic Impacts of Unionization on Private Sector Employers: 1984-2001](#)". *Quarterly Journal of Economics*. pp. 1383-1441.

Chiswick, Barry. 2000. "Are Immigrants Favorably Self-Selected? An Economic Analysis." IZA Discussion Paper 131. (www.iza.org) (published also in the book [Migration theory : talking across disciplines](#))

Abramitzky, R., Boustan, L.P. and Eriksson, K., 2012. [Europe's tired, poor, huddled masses: Self-selection and economic outcomes in the age of mass migration.](#) *The American economic review*, 102(5), pp.1832-1856.

Gruber, J., 1994. [The incidence of mandated maternity benefits.](#) *The American economic review*, pp.622-641.

Frandsen, B.R., 2014. [Party bias in union representation elections: Testing for manipulation in the regression discontinuity design when the running variable is discrete.](#) Manuscript, Brigham Young University, Department of Economics.

Final Exam (Covering material after midterm) July 6th