

## **ECON 471: Economics of Labor Markets and Human Capital Syllabus**

University of Southern California  
Spring 2016

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Office Hours: TBD  
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Time: Monday & Wednesdays 8am – 9:50am  
Classroom: VPD 116  
Grader: TBD

This course is an introduction to Labor Economics. Formally, Labor Economics is the field of economics that studies the demand and supply of labor. Labor Economics is also used to refer more broadly to applied microeconomics, the body of research that uses data to study how individuals and firms choose to allocate their limited resources. This course will cover some of the core topics in Labor Economics, such as minimum wages, immigration, human capital, inequality, and discrimination. In addition, we will study selected topics in other fields of applied microeconomics that are associated with Labor Economics, namely Economics of Crime, Economics of Education, Health Economics, and Development Economics. What makes Labor Economics one of the most exciting fields of economics is that its findings have direct implications for public policy. The main goal of this course will be to learn how to evaluate and interpret empirical results in applied microeconomics, understanding the implications some of these results may have for public policy.

### **Textbook and Readings**

Textbook: *Modern Labor Economics* 12<sup>th</sup> Edition by Ehrenber and Smith (2014).

Required readings are listed under each topic. These readings will be available online.

### **Course Grading**

Midterm Exam: 30%  
Final Exam: 40%  
2-3 Problem Sets: 15%  
Class Participation: 15%

### **Class Participation (15%)**

Class discussion is important for both individual and collective learning. The quality of a student's participation is at least as important as the quantity, and the following points characterize effective participation:

- . Do comments draw on the text and materials from this and other courses?  
Do they show evidence of analysis?
- . Does the student distinguish between positive and normative analysis?  
Does the student distinguish between opinion and well-supported analysis?
- . Are the points made substantive? Are they linked to the comments of others? Do they advance or deepen the discussion? Do they deepen the analysis?
- . Do comments clarify and highlight the important aspects of earlier comments and lead to a clearer statement of the concepts being considered? Is there an attempt to synthesize the discussion?

### **Regrade Policy**

The material covered on the examinations will come from the lecture notes, problem sets and required reading. If a student requests that some question on an examination be re-graded, the professor will review the entire examination. Makeup exams will be offered only under extenuating circumstances (e.g. serious injuries, family deaths), so please plan ahead.

## **1. Overview of the Labor Market**

ES, Ch. 2

Cohen, Patricia. "Robust Hiring in December Caps Solid Year for U.S. Jobs." *New York Times* 8 January 2016.

<http://www.nytimes.com/2016/01/09/business/economy/jobs-report-hiring-unemployment-december.html>

## **2. Labor Demand**

ES, Ch. 3 & 4

Autor, David. H and David Dorn. "How Technology Wrecks the Middle Class." *New York Times* 24 August 2013. <http://opinionator.blogs.nytimes.com/2013/08/24/how-technology-wrecks-the-middle-class/>

Thompson, Derek. "The Uber Economy." *The Atlantic* 23 Jan 2015.

<http://www.theatlantic.com/business/archive/2015/01/is-uber-a-middle-class-job-creator-or-not/384763/>

## **3. Labor Supply**

ES, Ch. 6 & 7

Porter, Eduardo. "The Myth of Welfare's Corrupting Influence on the Poor." *New York Times* 20 October 2015.

[http://www.nytimes.com/2015/10/21/business/the-myth-of-welfares-corrupting-influence-on-the-poor.html?\\_r=0](http://www.nytimes.com/2015/10/21/business/the-myth-of-welfares-corrupting-influence-on-the-poor.html?_r=0)

Anderson, L.V. "Working from Home Isn't for Everyone." *Slate* 9 December 2015.

[http://www.slate.com/articles/business/the\\_ladder/2015/12/working\\_from\\_home\\_does\\_it\\_make\\_people\\_more\\_productive.html](http://www.slate.com/articles/business/the_ladder/2015/12/working_from_home_does_it_make_people_more_productive.html)

#### **4. Human Capital Investments**

ES, Ch. 9

Dynarski, Susan. "For the Poor, the Graduation Gap is Even Wider than the Enrollment Gap." *New York Times* 2 June 2015.

<http://www.nytimes.com/2015/06/02/upshot/for-the-poor-the-graduation-gap-is-even-wider-than-the-enrollment-gap.html>

Chetty, Raj, John N. Friedman, Nathaniel Hilger, Emmanuel Saez, Diane Whitmore Schanzenbach, and Danny Yagan. 2010. "\$320,000 Kindergarten Teachers." *Phi Delta Kappan* 92(3): 22-25.

[http://www.rajchetty.com/chettyfiles/STAR\\_Kappan.pdf](http://www.rajchetty.com/chettyfiles/STAR_Kappan.pdf)

#### **5. Migration and Job Turnover**

ES, Ch. 10

Matthews, Dylan. "The Most Important Debate in Immigration Economics Right Now, Explained." *Vox* 21 October 2015.

<http://www.vox.com/2015/10/21/9585776/borjas-roodman-mariel-boatlift>

Jan Semmelroggen. "The Difference between Asylum Seekers, Refugees and Economic Migrants." *Independent* 18 August 2015.

<http://www.independent.co.uk/news/world/europe/the-difference-between-asylum-seekers-refugees-and-economic-migrants-10460431.html>

#### **6. Gender and Race Discrimination in the Labor Market**

ES, Ch. 12

Carey, Kevin. "Gaps in Earnings Stand Out in Release of College Data." *New York Times* 13 September 2015.

<http://www.nytimes.com/2015/09/14/upshot/gaps-in-alumni-earnings-stand-out-in-release-of-college-data.html>

Cohen, Patricia. "Racial Wealth Gap Persists Despite Degree, Study Says." *New York Times* 16 August 2015.

<http://www.nytimes.com/2015/08/17/business/racial-wealth-gap-persists-despite-degree-study-says.html>

## **7. Unemployment**

ES, Ch. 14

Fisman, Ray. "Good News for the Unemployed." *Slate* 2 October 2012.

[http://www.slate.com/articles/business/the\\_dismal\\_science/2012/10/long\\_term\\_unemployment\\_does\\_not\\_having\\_a\\_job\\_make\\_it\\_harder\\_to\\_get\\_a\\_job.html](http://www.slate.com/articles/business/the_dismal_science/2012/10/long_term_unemployment_does_not_having_a_job_make_it_harder_to_get_a_job.html)

Plumer, Brad. "Companies Won't Even Look at Resumes of the Long-Term Unemployed." *Washington Post* 15 April 2013.

<https://www.washingtonpost.com/news/wonk/wp/2013/04/15/companies-wont-even-look-at-resumes-of-the-long-term-unemployed/>

Farber, Henry S., Dan Silverman, and Till von Wachter. 2015. "Factors Determining Callbacks to Job Applications by the Unemployed: An Audit Study." NBER Working Paper No. 21689.

<http://www.nber.org/papers/w21689.pdf>

## **8. Inequality in Earnings**

ES, Ch. 15

Saez, Emmanuel, and Thomas Piketty. 2014. "Inequality in the Long-Run", *Science* 344: 838-843.

<http://eml.berkeley.edu/~saez/piketty-saezScience14.pdf>

Leonhardt, David. "In Climbing Income Ladder, Location Matters." *New York Times* 22 July 2013.

<http://www.nytimes.com/2013/07/22/business/in-climbing-income-ladder-location-matters.html?pagewanted=all>

## **9. Labor Market Effects of International Trade and Outsourcing**

ES, Ch. 16

*The Economist*. "Here, There and Everywhere." 19 January 2013.

<http://www.economist.com/news/special-report/21569572-after-decades-sending-work-across-world-companies-are-rethinking-their-offshoring>

Rampell, Catherine. "Outsource Your Way to Success." *New York Times* 5 November 2013.

<http://www.nytimes.com/2013/11/10/magazine/outsource-your-way-to-success.html>

## **10. Primer on Good and Bad Empirical Research**

### **11. Economics of Crime**

Aizer, Anna and Joseph J. Doyle Jr. 2015. "Juvenile Incarceration, Human Capital, and Future Crime: Evidence from Randomly Assigned Judges." *Quarterly Journal of Economics*, forthcoming.

<http://qje.oxfordjournals.org/content/early/2015/04/11/qje.qjv003.full.pdf+html>

Heller, Sara B., Anuj K. Shah, Jonathan Guryan, Jens Ludwig, Sendhil Mullainathan, Harold A. Pollack. 2015. "Thinking, Fast and Slow? Some Field Experiments to Reduce Crime and Dropout in Chicago." NBER Working Paper No. 21178.

<http://www.nber.org/papers/w21178>

### **12. Development Economics**

Abhijit, Banerjee and Esther Duflo. 2012. "Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty." PublicAffairs. (Book)

[A Multi-faceted Program Causes Lasting Progress for the Very Poor: Evidence from Six Countries](#) (May 2015) *Science*, 348(6236), pp. 772, joint with Abhijit Banerjee, Esther Duflo, Nathanael Goldberg, Robert Osei, William Parienté, Jeremy Shapiro, Bram Thuysbaert, and Christopher Udry.

### **13. Economics of Education**

Oreopoulos, Philip, Till von Wachter, and Andrew Heisz. 2012. "The Short- and Long-Term Career Effects of Graduating in a Recession." *American Economic Journal: Applied Economics* 4(1): 1-29.

<https://www.aeaweb.org/articles.php?doi=10.1257/app.4.1.1&title=>

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

<https://www.aeaweb.org/articles.php?doi=10.1257/000282806776157641>

#### 14. Health Economics

Smith, James P. 1999. "Healthy Bodies and Thick Wallets: The Dual Relation Between Health and Economic Status." *Journal of Economic Perspectives*. 13(2): 145-167.  
<http://www.jstor.org/stable/2647123>

Kremer, Michael and Edward Miguel. 2004. "Worms: Identifying Impacts on Education and Health in the Presence of Treatment Externalities" *Econometrica* 72(1): 159-217.  
[http://www.jstor.org/stable/3598853?seq=1#page\\_scan\\_tab\\_contents](http://www.jstor.org/stable/3598853?seq=1#page_scan_tab_contents)

Cesarini D, E Lindqvist, R Östling & B Wallace. "Wealth, Health and Child Development: Evidence from Administrative Data on Swedish Lottery Players." *Quarterly Journal of Economics*, forthcoming.  
<http://www.ifn.se/wfiles/wp/wp1060.pdf>