

# Econ 76b Labor Economics

## Fall 2022

### Contact Details

Professor Brainerd (pronouns: she/her/hers)  
Office location: Sachar 202  
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### Teaching Assistant:

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### Meeting Times

Class meeting times: Monday, Wednesday 2:30-3:50pm, Lown 002. The class is in-person with no option for online access. Class meetings will not be recorded.

### Optional recitations

TBA

### Student Hours

Tuesdays, 9:30-11:30 am, in person in my office (Sachar 202, International Business School building). I welcome your visits during student hours, whether it is to ask a question about the course material or just to stop by to say hello. You can also contact me by email with questions or to schedule a meeting outside of my office hours. I will respond as quickly as possible, at most within 24 hours on weekdays (48 hours on weekends).

### Accommodations

Brandeis seeks to create a learning environment that is welcoming and inclusive of all students, and I want to support you in your learning. If you think you may require disability accommodations, you will need to work with Student Accessibility Support (SAS) (781-736-3470, [access@brandeis.edu](mailto:access@brandeis.edu)). You can find helpful student FAQs and other resources on the [SAS website](#), including guidance on how to know whether you might be eligible for support from SAS. If you already have an accommodation letter from SAS, please provide me with a copy as soon as you can so that I can ensure effective implementation of accommodations for this class. In order to coordinate exam accommodations, ideally you should provide the accommodation letter at least 48 hours before an exam.

### Course Description

Economics 76b provides a survey of labor economics with an emphasis on policy issues. While the course teaches the analytical tools necessary to understand how labor markets work, it is structured around a number of prominent labor market policy issues, such as immigration, inequality, minimum wages and labor market discrimination.

For example, some of the questions we will examine include:

- Why do women earn less than men?
- Do immigrants hurt the wages or employment opportunities of native workers?
- Does increasing the minimum wage increase unemployment, and thus end up hurting the people it is intended to help?
- What has caused rising wage inequality in the U.S., and should we be concerned about it?
- Why have unions declined so much in the U.S and how does that affect workers?
- What do CEOs earn so much money?

**Learning Goals:**

The primary goal of the course is to develop your ability to study, analyze and ultimately reach informed opinions about the numerous policy questions that arise with respect to labor markets in the U.S. and other countries. To help develop this ability, we will study these policy issues drawing on economic models of labor markets, examination of the role of labor market institutions, and empirical evidence on these issues.

Specific learning outcomes: after successfully completing this course, students will be able to:

- apply and explain at an introductory level the economic models that relate to labor supply, labor demand, and labor market equilibrium
- describe how economic theory and evidence apply to and explain trends in labor force participation, hours of work, and wages
- construct, defend, and analyze important labor policy issues
- demonstrate proficiency with simple quantitative and economics tools useful in understanding labor markets and labor market institutions
- comprehend, assess, and critique basic empirical work in labor economics

**Credit Hours:**

Success in this four-credit course is based on the expectation that students will spend a minimum of nine hours of study time per week in preparation for class (readings, papers, discussions, preparation for the exams, etc.

## Course Requirements

**Course Prerequisite:** Econ 2a or Econ 10a

**Course materials:** The required text is George Borjas, *Labor Economics* (8<sup>th</sup> edition), which is available from the bookstore. The 7<sup>th</sup> edition is acceptable as well. Please note that we will not cover all of the material in the textbook, nor is all of the material covered in class in the textbook. Additional required readings for the course will be posted on Latte. You are responsible for all assigned reading whether or not the material is covered explicitly in class. Exams will include questions about the required readings.

**Course requirements:** Students will be evaluated on the following basis:

In-class written assignments	10%
Problem sets (5)	10%
Thoughts & questions (TQs)	15%
Exam 1	20%
Exam 2	20%
Final exam (cumulative)	25%

**Attendance:** Class attendance is required but not explicitly graded. Please arrive for class on time. If you need to join a class late or leave early, please notify me prior to class. It is expected that you will attend each class ready to discuss the readings.

**Participation:** Students are expected to prepare for each class session and to actively participate in class discussion. Class participation involves being regularly engaged in the discussion/lecture and making a positive contribution by asking thoughtful questions, sharing relevant experiences, requesting clarification and making comments. All forms of participation should be conducted in a manner that is respectful of fellow students and the professor.

**In-class written assignments:** These are short assignments written in small groups and graded on a credit/no credit basis. I expect to assign 6 in-class written exercises over the semester. If you submit 6 assignments, you will receive an "A" for this part of the course (5 is an A-, etc.). If you are absent from class that day you will get a 'no credit' for the assignment with no exceptions and no option to turn the assignment in later. I will not give advance warning of the in-class written assignments.

**Thoughts & questions (TQs):** TQs are responses to questions on the readings (and/or videos) that you will submit before class. Over the course of the semester you will write 9 TQs based on the reading for that class (you are welcome to write more than 9). The TQs will often be general questions such as "What did you find most interesting about the reading?" but will sometimes comprise more specific questions. You may also use the TQ as an opportunity to make connections between the readings and any videos assigned for the week, between the readings and your life or current events, or offer a critique. A TQ must be at least 150 words. You must submit TQs by 9pm the night before class.

The TQs will be graded on a credit/no credit basis. You will receive credit for responses that reflect a good-faith effort to write thoughtfully about the reading. If you submit 9 good-faith TQs by the end of the course, you will receive an "A" for the TQ component of the course (8 TQs is an A-, 7 is a B+, 6 is a B, 5 is a B-, and so on). There will be 15 TQs posted during the semester, so you can decide which TQs to submit based on your interests and schedule.

**Problem sets:** Five problem sets will be due during the semester, on the dates listed below. Complete problem sets must be turned in the deadline posted on Latte. *Late problem sets will not be accepted under any circumstances.* To accommodate illness and unforeseen conflicts, I will drop the lowest score among your problem sets in the grade calculation. In other words, you must turn in four of the five problem sets; alternatively, you can turn in all five problem sets and I will take the top four grades in calculating your problem set grade. The dropped grade can be used for any problem, but it is advisable to save it for medical or personal emergencies as only one grade will be dropped. Important: all homework should be your work and not the work of others. Work that is copied from another source and does not reflect your own efforts will receive zero points and will be submitted as academic dishonesty to the Academic Integrity Student Conduct Process.

**Exams:** No make-up exams will be given in this course. If you miss the first exam, the weight of that exam will be divided equally between the second exam and the final exam. If you miss the second exam, the weight will be added to the final exam weight. Please note that absence from an exam will be excused ONLY for a serious illness or family emergency that is appropriately documented; otherwise a grade of zero will be assigned. There are NO EXCEPTIONS to this rule.

**Cell phone policy:** I come to class to help you learn, and I assume that you are here because you want to learn. Using a cell phone to talk, text, email, or surf the internet is both disrespectful and distracting to me and to your fellow students. Because of this, the use of cell phones in class is strictly prohibited. If you must take a call due to an emergency situation, please leave the classroom.

#### IMPORTANT DATES FOR ECON 76b:

(Note that these dates are subject to change)

Problem set 1	Wednesday Sept. 21
Problem set 2	Tuesday Oct.4
<b>Exam 1</b>	<b>Thursday Oct. 13</b>
Problem set 3	Thursday Oct. 27
Problem set 4	Thursday Nov. 3
<b>Exam 2</b>	<b>Monday Nov. 14</b>
Problem set 5	Thursday Dec. 1
Final exam	TBA during final exam period

No class: Sept. 5, Sept. 26, Oct. 5, Oct. 10, Oct. 17, Nov. 23

Brandeis Mondays (class will be held): Oct. 13, Oct. 18

## Important Policies and Resources

### Academic Integrity

Every member of the University community is expected to maintain the highest standards of academic integrity. A student shall not submit work that is falsified or is not the result of the student's own effort. Infringement of academic integrity by a student subjects that student to serious penalties, which may include failure on the assignment, failure in the course, suspension from the University or other sanctions. Please consult [Brandeis University Rights and Responsibilities](#) for all policies and procedures related to academic integrity. Students may be required to submit work via TurnItIn.com or similar

software to verify originality. A student who is in doubt regarding standards of academic integrity as they apply to a specific course or assignment should consult the faculty member responsible for that course or assignment before submitting the work. Allegations of alleged academic dishonesty will be forwarded to the Department of Student Rights and Community Standards. Citation and research assistance can be found at [Brandeis Library Guides - Citing Sources](#).

### **Classroom Health and Safety**

- Register for the [Brandeis Emergency Notification System](#). Students who receive an emergency notification while attending class should notify their instructor immediately. In the case of a life-threatening emergency, call 911. As a precaution, review [this active shooter information sheet](#).
- Brandeis provides [this shuttle service](#) for traveling across campus or to downtown Waltham, Cambridge and Boston.
- On the Brandeis campus, all students, faculty, staff and guests are required to observe the university's policies on physical distancing and mask-wearing to support the health and safety of all classroom participants. Review up to date [COVID-related health and safety policies](#) regularly.

### **Course Materials/Books/Apps/Equipment**

If you are having difficulty purchasing course materials, please make an appointment with your Student Financial Services or Academic Services advisor to discuss possible funding options, including vouchers for purchases made at the Brandeis Bookstore.

### **LATTE**

[LATTE](#) is the Brandeis learning management system. Login using your UNET ID and password. For LATTE help, contact [Library@brandeis.edu](mailto:Library@brandeis.edu).

### **Library**

[The Brandeis Library](#) collections and staff offer resources and services to support Brandeis students, faculty and staff. Librarians and Specialists from Research & Instructional Services, Public Services, Archives & Special Collections, Sound & Image Media Studios, MakerLab, AutomationLab, and Digital Scholarship Lab are available to help you through consultations and workshops.

### **Privacy**

To protect your privacy in any case where this course involves online student work outside of Brandeis password-protected spaces, you may choose to use a pseudonym/alias. You must share the pseudonym/ alias with me and any teaching assistants as needed. Alternatively, with prior consultation, you may submit such work directly to me.

### **Student Support**

Brandeis University is committed to supporting all our students so they can thrive. If a student, faculty, or staff member wants to learn more about support resources, the [Support at Brandeis](#) webpage offers a comprehensive list that includes these staff colleagues you can consult, along with other support resources:

- The [Care Team](#)
- [Academic Services](#) (undergraduate)
- [Graduate Student Affairs](#)
- Directors of Graduate Studies in each department, School of Arts & Sciences
- Program Administrators for the Heller School and International Business School
- [University Ombuds](#)
- [Office of Equal Opportunity](#).

**CLASS SCHEDULE**

<b>Class #</b>	<b>Date</b>	<b>Topic</b>	<b>Problem set due</b>
1	Monday Aug. 29	Introduction and course overview	
2	Wednesday Aug. 31	Labor supply	
3	Wednesday Sept. 7	Labor supply	
4	Monday Sept. 12	Labor supply	
5	Wednesday Sept. 14	Labor demand	
6	Monday Sept. 19	Labor demand	
7	Wednesday Sept. 21	Labor market equilibrium	1
8	Wednesday Sept. 28	Labor market equilibrium	
9	Monday Oct. 3	Compensating wage differentials	2 (10/4)
10	Wednesday Oct. 12	Compensating wage differentials	
	Thursday Oct. 13	Exam 1	
11	Tuesday Oct. 18	Economics of schooling and training	
12	Wednesday Oct. 19	Economics of schooling and training	
13	Monday Oct. 24	Economics of schooling and training	
14	Wednesday Oct. 26	The earnings distribution and wage inequality	3 (10/27)
15	Monday Oct. 31	The earnings distribution and wage inequality	
16	Wednesday Nov. 2	Labor mobility	4 (11/3)
17	Monday Nov. 7	Labor mobility	
18	Wednesday Nov. 9	Labor mobility	
	Monday Nov. 14	Exam 2	
19	Wednesday Nov. 16	Labor market discrimination	
20	Monday Nov. 21	Labor market discrimination	
21	Monday Nov. 28	Unions: what do unions do?	
22	Wednesday Nov. 30	Labor market contracts and incentive pay	5 (12/1)
23	Monday Dec. 5	Labor market contracts and incentive pay	
24	Wednesday Dec. 7	Catch-up and review for the final exam	

## Course outline and required readings

### I. Introduction

- Borjas, Ch. 1

### II. Labor supply

- Borjas, Ch. 2 (skip section 2-13 "Labor Supply Over the Life Cycle")
- "Can Tax Cuts Save the Global Economy? Ask a Cab Driver," *The Economist*, June 28, 2003
- Noam Scheiber, "How Uber Drivers Decide How Long to Work," *New York Times*, September 4, 2016
- N. Gregory Mankiw, "Why Aren't More Men Working?" *New York Times*, June 15, 2018

#### Policy application: anti-poverty programs and work Incentives

- Robert A. Moffitt and Stephanie Garlow, "Did Welfare Reform Increase Employment and Reduce Poverty?" Stanford Center on Poverty & Inequality, 2018.
- Jesse Rothstein and Ben Zipperer, "The EITC and Minimum Wage Work Together to Reduce Poverty and Raise Incomes," Economic Policy Institute, Jan. 22, 2020

### III. Labor demand

- Borjas, Ch. 3 (we will not cover isocost lines and isoquants, so skim through those parts of Ch. 3)
- Cynthia Crossen, "Over Time, America Lost Its Bullwhackers," *Wall Street Journal*, Sept. 24, 2002
- David Autor, "Trade and labor markets: Lessons from China's rise," *IZA World of Labor*, Feb. 2018
- Econimate video: "Robots and Jobs" (7:29)

### IV. Labor market equilibrium

- Borjas, Ch. 4
- Naidu, Suresh, Eric Posner, and Glen Weyl "More and More Companies Have Monopoly Power Over Workers' Wages. That's Killing the Economy," *Vox*, April 6, 2018.

#### Policy application: the minimum wage debate

- Gary S. Becker and Richard A. Posner, "How to Make the Poor Poorer," *Wall Street Journal*, January 26, 2007
- Chris Fleisher, "Passing the Buck: Who Pays for a Raise in the Minimum Wage and How Does it Affect Job Growth?" *AEA Research Highlights*, Aug. 2019
- Arin Dube on the minimum wage (4 min): <https://www.youtube.com/watch?v=g9ZTpN5R3mk>

### V. Compensating differentials: someone has to do the dirty work

- Borjas, Ch. 5
- Kevin Helliker, "They Left Professions For a True Calling as Personal Trainers," *Wall Street Journal*, February 25, 1999

## VI. The economics of schooling and training

- Borjas, Ch. 6
- Douglas Belkin, "A Generation of American Men Give Up on College: 'I Just Feel Lost'," *Wall Street Journal*, Sept. 6, 2021
- Tim Hyde, "Does Impatience Lead to Lower Lifetime Earnings?" *AEA Research Highlights*, Aug. 2015.
- Philip Oreopoulos and Kjell G. Salvanes, "Priceless: The Nonpecuniary Benefits of Schooling," *Journal of Economic Perspectives*, Winter 2011
- Susan Dynarski, "The Power of Promising Free Tuition," (2:18): <https://voxeu.org/content/power-promising-free-tuition>

## VII. The earnings distribution and wage inequality

- Borjas, Ch. 7

### Views on inequality

- N. Gregory Mankiw, "Defending the One Percent," *Journal of Economic Perspectives*, Summer 2013
- David H. Autor, "Skills, Education, and the Rise of Earnings Inequality Among the 'Other 99 Percent,'" *Science*, May 23, 2014
- Raj Chetty, "Current Trends In Social Mobility" (video)
- James Heckman, "The Economics of Inequality and Childhood Education" (video)

## VIII. Labor mobility

- Borjas, Ch. 8

### Policy application: immigration

- George J. Borjas, "Yes, Immigration Hurts American Workers," *Politico*, Sept./Oct. 2016
- Binyamin Applebaum, "Few Immigrants Mean More Jobs? Not So, Economists Say," *New York Times*, Aug. 3, 2017
- Ben Leubsdorf, "The Great Mariel Boatlift Debate: Does Immigration Lower Wages?" *Wall Street Journal*, June 15, 2017
- John Tierney, "The Manicure Menace," *New York Times*, May 30, 2006

## IX. Labor market discrimination

- Borjas, Ch. 9



- Kerwin Kofi Charles, "Minding the Racial Wage Gap: The Role of Prejudice in Black Wages" (11 min): <https://www.youtube.com/watch?v=N38XrQ6x7ck>
- Christina Duff, "Female Musicians Fare Better When Heard But Not Seen," *Wall Street Journal*, March 7, 1997
- Cecilia Rouse, "Gender Discrimination in the Labor Market" (6 min): <https://www.youtube.com/watch?list=PLZapTuSHtu-CeejcJGLVBLqNT-ipSoldh&v=A3Nwi1VsF3o>
- Henrik Kleven et al., "Child Penalties Across Countries: Evidence and Explanations," *AER Papers and Proceedings*, 2019

#### Policy application: affirmative action

- Tim Hyde, "Can Temporary Affirmative Action Policies Have Lasting Effects?" *AEA Research Highlights*, July 2017.

#### **X. Unions: what do unions do?**

- Borjas, Ch. 10
- Susan Dynarski, "Fresh Proof that Strong Unions Help Reduce Income Inequality," *New York Times*, July 6, 2018
- Lucy E. Page, "Impacts of Right-to-Work Laws on Unionization and Wages," *NBER Research Digest*, 2022
- Chris Fleisher, "Performance Pay," *AEA Research Highlights*, Aug. 27, 2021

#### **XI. Labor market contracts and incentive pay**

- Borjas, Ch. 11
- Austan Goolsbee, "Where the Buses Run on Time," *Slate*, March 16, 2006
- Ray Fisman and Michael Luca, "How Higher Wages Can Increase Profits," *Wall Street Journal*, Jan. 21 2021

#### Why do CEOs earn so much money? Should they?

- Robert H. Frank, "Should Congress Put a Cap on Executive Pay?" *New York Times*, January 4, 2009
- Tyler Cowen, "A Contrarian Look at Whether U.S. Chief Executives Are Overpaid," *New York Times*, May 18, 2006