

440.643.51: Economics of the Labor Market

Spring 2008
Tuesdays, 6:00 – 8:45

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Course Description: The goal of this course is to enable you to use the tools of economic analysis to analyze the workings of the labor market. The course focuses on the theory and empirical study of labor supply and labor demand. These tools will be used to examine issues such as the determination of earnings, inequality, unemployment, minimum wage policy, and discrimination.

Text: No text is required for this course. Below I list a recommended textbook. The relevant chapters of the text are listed with each topic.

Ehrenberg, Ronald G. and Robert S. Smith. *Modern Labor Economics: Theory and Public Policy, ninth Edition*. (New York: Addison Wesley Longman, Inc., 2005).

For some topics, articles will be used to supplement the lecture. I will provide you with access to the articles at least 1 week prior to the class in which they will be covered.

Exams and Grading: Your final grade will be determined by your score on a midterm exam, a cumulative final, and a project. The weights given to these components are listed below.

Mid-Term	30 % (March 4)
Final Exam	30 % (April 29)
Project	40 % (Final Write-Up due April 22)

The exams will consist of both problems and essay questions. In the event that you miss the midterm exam, there will be no make-up exam, but your final exam will be re-weighted to carry those points.

The project will involve writing a report that reviews the economics literature on a policy topic of your choosing, along with some basic analysis. (E.g., what might happen if we increase the minimum wage and why?) A proposal must be submitted two weeks after the midterm listing a minimum of 5 academic sources to be cited in the final write-up.

In addition to graded work, four problem sets will be given to you throughout the semester. These will not be graded, but will prove useful to you in learning the material. You can expect exam questions to be similar to those on your problem sets. Answers to the problems will be made available to you in the class session following the receipt of the problem set.

Date	Topic and Reading
Jan. 22	Introduction Start Labor Supply (Chapter 6)
Jan. 29	Labor Supply I (Chapter 6) Application: EITC Eissa, Nada and Jeffrey B. Liebman, "Labor Supply Responses to the Earned Income Tax Credit," <i>Quarterly Journal of Economics</i> 111(2), May 1996, 605-637.
Feb. 5	Labor Supply II (Chapter 7) Gender Differences in Labor Supply Francine Blau and Lawrence Kahn in <i>Changes in the Labor Supply Behavior of Married Women: 1980-2000</i> (NBER Working Paper No. 11230).
Feb. 12	Labor Demand I (Chapter 3)
Feb. 19	Labor Demand II (Chapter 4)
Feb. 26	Application of Labor Demand: The Minimum Wage Card, David, and Alan Krueger (1994). "Minimum wages and employment: a case study of the fast-food industry in New Jersey and Pennsylvania." <i>American Economic Review</i> 84: 772-93. Review Symposium: Myth and Measurement: The New Economics of the Minimum Wage," <i>Industrial and Labor Relations Review</i> 48 (4, July 1995), pp. 829-845. (on reserve and available on the course website). Neumark, David, and William Wascher. "Minimum Wages and Employment: A Review of Evidence from the New Minimum Wage Research." NBER Working Paper No. 12663 .
March 4	Midterm Exam
March 11	Compensating Differentials (Chapter 8)
March 25	Human Capital (Chapter 9) <i>Project proposal must be turned in.</i>
April 1	Pay and Productivity (Ch. 11)
April 8	Discrimination (Chapter 12) w9873 Jul 2003 Bertrand, Marianne, and Sendhil Mullainathan Are Emily and Greg More Employable than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination w9853 Jul 2003 Hamermesh, Daniel, and Amy M. Parker Beauty in the Classroom: Professors' Pulchritude and Putative Pedagogical Productivity
April 15	Job Mobility and Immigration (Chapter 10)
April 22	Inequality and Unemployment (Chapters 14 and 15) <i>Project must be turned in.</i>
April 29	Final Exam