

## Human Resources and Labor Markets

ECON 8220, Spring 2009

7:15-9:45 Wednesday, General Classroom Bldg., Rm. 301

Barry Hirsch, AYSPS 537, voice: 404-413-0880

Office hours: By appointment

E-mail: [bhirsch@gsu.edu](mailto:bhirsch@gsu.edu), Homepage: <http://www2.gsu.edu/bhirsch>

### Course Goals

The goal of Human Resources and Labor Markets is to enable students to use economic reasoning and analysis to understand wage and employment determination in labor markets. This goal can be achieved through reading, study, writing, critical thinking, and class lecture/discussion. The course examines theory, evidence, and policy related to labor supply and demand, human capital, technological change, wage differentials, earnings inequality, compensation policies, job mobility and migration, discrimination, unemployment, and unions.

### Required Text and Readings

George Borjas, *Labor Economics*, 4<sup>th</sup> ed., 2008.

Support material for the Borjas text is at [http://highered.mcgraw-hill.com/sites/0073402826/student\\_view0/](http://highered.mcgraw-hill.com/sites/0073402826/student_view0/)

All readings other than the text will be posted on *uLearn*. Journal and news articles with \* are required. Other articles are optional. Additional readings may be added during the semester. Regular reading of the *New York Times* <[www.nytimes.com](http://www.nytimes.com)>, *Wall Street Journal* <[www.wsj.com](http://www.wsj.com)>, or other quality news sources is expected.

Important articles in labor economics are published in leading general interest journals and in labor journals. The *Journal of Economic Perspectives* provides readable articles in labor and other areas of economics. Leading labor journals are the *Journal of Labor Economics*, *Journal of Human Resources*, and *Industrial and Labor Relations Review*. Additional labor journals include *Industrial Relations*, *Journal of Labor Research*, *Labour Economics*, and *Research in Labor Economics*. A useful collection of survey articles is contained in the five-volume *Handbook of Labor Economics* (Vols. 1 and 2, 1986; Vols. 3A, 3B, and 3C, 1999).

You may find it helpful to examine government statistics on the labor market. A wide array of government labor statistics and data are available through the Bureau of Labor Statistics <<http://www.bls.gov>> and the Bureau of the Census <<http://www.census.gov>>. Labor information is also included in the *Statistical Abstract of the U.S.* <<http://www.census.gov/compendia/statab/2009edition.html>> and the *Economic Report of the President* <<http://www.gpoaccess.gov/eop/download.html>>, each published annually. The National Bureau of Economic Research (NBER) also maintains a useful data site <<http://www.nber.org>>. Sources for economic data are summarized in *Resources for Economists* <<http://rfe.org>>.

### Grading and Exams/Assignment Dates

Final grades are based on a weighted average of a midterm (26%), a paper assignment on alternative compensation policies (26%), a comprehensive final exam (36%), and paper summaries and class/seminar participation (12%). Students must complete all work as scheduled. Regular attendance is essential.

Midterm: Wednesday, March 11, 7:15 p.m.

Usery Lecture (K. Abraham): Thursday, March 12, 2:00–3:30, 7th Floor Seminar Room, AYSPS

Take-home Essays: Wednesday, April 1

Usery Workplace Conference: Friday, April 17, 8:30–5:00, 7th Floor Seminar Room, AYSPS

Final exam: Wednesday, April 29, 7:15 p.m.

### Academic Honesty:

Students are required to know and abide by the Georgia State University's Policy on Academic Honesty. The Academic Honesty Policy prohibits dishonesty in academic work. You are expected to behave with integrity and not tolerate dishonesty by others.

## **ECON 8220, Human Resources and Labor Markets, Course Outline and Required Reading**

- [1/7] **1. Overview of the U.S. Labor Market and an Introduction to Labor Supply and Demand**
- \*Borjas – Chs. 1, 5 (pp. 163-170)
  - \*Katharine Abraham, “What We Don’t Know Could Hurt Us: Some Reflections on the Measurement of Economic Activity,” *Jr. of Econ. Perspectives*, Summer 2005.
  - Steven Davis, R. Jason Faberman, and John Haltiwanger, “The Flow Approach to Labor Markets: New Data Sources and Micro-Macro Links,” *Journal of Economic Perspectives*, Summer 2006.
- [1/14, 1/21, 1/28] **2. Labor Supply and Family Economics**
- \*Borjas – Chs. 2, 3
  - \*U.S. Bureau of Labor Statistics, *American Time Use Survey, 2007 (ATUS)*, Table 1, 6/25/08.
  - \*E. Porter, “Stretched to Limit, Women Stall March to Work,” *NY Times*, 3/2/06.
  - \*D. Leonhardt, “He’s Happier, She’s Less So,” *NY Times*, 9/26/07.
  - Life tables from Vital Statistics of the US.
  - Daniel Hamermesh, Harley Frazis, and Jay Stewart, “The American Time Use Survey,” *Jr. of Econ. Perspectives*, Winter 2005.
  - Mark Aguiar and Erik Hurst, “Measuring Trends in Leisure: The Allocation of Time over Five Decades,” *Quarterly Journal of Economics*, August 2007.
  - \*Betsey Stevenson and Justin Wolfers, “Marriage and Divorce: Changes and their Driving Forces,” *Jr. of Econ. Perspectives*, Spring 2007.
  - Nancy Folbre and Julie Nelson, “For Love or Money—Or Both,” *Jr. of Econ. Per.*, Fall 2000.
  - E. Edmonds and N. Pavcnik, “Child Labor in the Global Economy,” *Jr. of Econ. Per.*, Winter 2005.
- [1/28, 2/4, 2/11] **3. Demand for Labor, Minimum Wages, Benefits, Wage Inequality, and Productivity**
- \*Borjas – Chs. 4, 5, 8
  - \*R. Reich, “Nice Work if You Can Get It,” *WSJ*, 12/26/03.
  - \*D. Wessel, “Productivity Questions Blur Economic Picture,” *WSJ*, 8/2/07.
  - Heather Timmons, “Cost-Cutting in New York, but a Boom in India,” *NYT*, 8/12/08.
  - \*Anand Giridharadas, “Outsourcing Works, So India is Exporting Jobs,” *NYT*, 9/25/07.
  - David Autor, Frank Levy, and Richard Murnane, “The Skill Content of Recent Technological Change: An Empirical Exploration,” *Quarterly Journal of Economics*, November 2003.
  - David Autor, Lawrence Katz and Melissa Kearney, “Trends in U.S. Wage Inequality: Revising the Revisionists,” *Review of Economics and Statistics*, May 2008.
  - Jagdish Bhagwati, Arvind Panagariya, and T.N. Srinivasan, “The Muddle over Outsourcing,” *Jr. of Econ. Perspectives*, Fall 2004.
  - L. Kahn, “The Sports Business as a Labor Market Laboratory,” *Jr. of Econ. Per.*, Summer 2000.
  - \*Lawrence Summers, “Some Simple Economics of Mandated Benefits,” *Amer. Ec. Rev.*, May 1989.
  - Jonathan Gruber, “The Incidence of Mandated Maternity Benefits,” *Amer. Ec. Rev.*, June 1994.
- [2/18, 2/25] **4. Human Capital Investment: Education, Job Training, and Earnings**
- \*Borjas – Ch. 7
  - \*D. Glenn, “Supply-Side Education,” *The Chronicle Review*, 7/25/08 (summary of Goldin and Katz, *The Race Between Education and Technology*).
  - \*J. Heckman, “Catch ‘em Young,” *WSJ*, 1/10/06.
  - Payscale Survey of Salaries by Major and College, *WSJ*, 7/31/08.
  - \*Claudia Goldin, Lawrence Katz, and Ilyana Kuziemko, “The Homecoming of American College Women: The Reversal of the College Gender Gap,” *Jr. of Econ. Perspectives*, Fall 2006.
  - Thomas Kane and Douglas Staiger, “The Promise and Pitfalls of Using Imprecise School Accountability Measures,” *Jr. of Econ. Perspectives*, Fall 2002.
  - Lisa Barrow and Cecilia Rouse, “School Vouchers: Recent Findings and Unanswered Questions,” *Economic Perspectives*, Federal Reserve Bank of Chicago, 3Q, 2008.
  - Gordon Winston, “Subsidies, Hierarchy and Peers: The Awkward Economics of Higher Education,” *Jr. of Econ. Perspectives*, Winter 1999.

**Midterm: Wednesday, March 11 (Sections 1-4)**

[3/18, 3/25]

## **5. Compensating Wage Differentials, Worker Mobility, Immigration, and Job Search**

\*Borjas – Ch. 6, 9

\*P. Orrenius, “Commentary: The Impact of Immigration,” *WSJ*, 4/25/06.

\*J. Tierney, “The Manicure Menace,” *NY Times*, 5/30/06.

\*S. Roberts, “State-to-State Migration is Linked to Cost of Housing,” *NY Times*, 4/20/06.

\*J. Preston, “Latino Immigrants Hit by Job Shortages,” *NY Times*, 6/5/08.

\*J. Mintz, “Large Firms Increasingly Rely on Employees for Referrals,” *WSJ*, 3/1/05.

\*B. Whitaker, “More Jobs Found Online, But that Doesn’t Mean It’s Easy,” *NY Times*, 1/15/06.

\*Richard Freeman, “People Flows in Globalization,” *Jr. of Econ. Perspectives*, Spring 2006.

Charles Brown and James Medoff, “The Employer Size-Wage Effect,” *Journal of Political Economy*, October 1989.

David Autor, “Wiring the Labor Market,” *Jr. of Econ. Perspectives*, Winter 2001.

[4/1, 4/8]

## **6. Economics of Discrimination and Wage Differentials by Gender, Race, and Ethnicity**

\*Borjas – Ch. 10

\*M. Doms and E. Lewis, “The Narrowing of the Male-Female Wage Gap,” *FRBSF Economic Letter*, 6/29/07.

\*L. Uchitelle, “Poor Economy Slows Women in the Workplace,” *NY Times*, 7/22/08.

O. Patterson, “A Poverty of Mind,” *NY Times*, 3/26/06.

Claudia Goldin and Cecilia Rouse, “Orchestrating Impartiality: The Impact of ‘Blind’ Auditions on Female Musicians,” *American Economic Review*, September 2000.

David Macpherson and Barry Hirsch, “Wages and Gender Composition: Why Do Women's Jobs Pay Less?” *Journal of Labor Economics*, July 1995.

Francine Blau and Lawrence Kahn, “Gender Differences in Pay,” *Jr. of Econ. Persp.*, Fall 2000.

June O’Neill, “The Role of Human Capital in Earnings Differences between Black and White Men,” *Jr. of Econ. Persp.*, Fall 1990.

David Card and Alan Krueger, “School Quality and Black-White Relative Earnings: A Direct Assessment,” *Quarterly Journal of Economics*, February 1992.

[4/8, 4/15]

## **8. Economic Analysis of Labor Unions**

\*Borjas – Ch. 11

\*A. Zimmerman and K. Maher, “Wal-Mart Warns of Democratic Win,” *WSJ*, 8/1/08.

\*Barry Hirsch, “Sluggish Institutions in a Dynamic World: Can Unions and Industrial Competition Coexist?” *Jr. of Econ. Perspectives*, Winter 2008.

R. Ruback and M. Zimmerman, “Unionization and Profitability: Evidence from the Capital Market,” *Journal of Political Economy*, December 1984.

Barry Hirsch, “What Do Unions Do for Economic Performance?” *Journal of Labor Research*, Summer 2004.

John DiNardo and David Lee, “Economic Impacts of New Unionization on Private Sector Employers: 1984-2001,” *Quarterly Journal of Economics*, November 2004.

[4/22]

## **9. Unemployment**

\*Borjas – Ch. 13

\*D. Leonhardt, “Unemployed, and Skewing the Picture,” *NY Times*, 5/8/08.

\*P. Goodman, “A Hidden Toll on Employment: Cut to Part Time,” 7/31/08.

\*S. Pearlstein, “Labor Pains are Not Easily Shared,” *Washington Post*, 12/31/08.

Stephen Nickell, “Unemployment and Labor Market Rigidities: Europe versus North America,” *Jr. of Econ. Perspectives*, Summer 1997.

**Final Exam: Wednesday, April 29, 7:15 p.m.**

## Take-home Essays: Personnel Economics, Pay Policies, and Internal Labor Markets

\*Borjas – Ch. 12 (required readings will be designated at time of assignment)

Robert Hutchens, "Seniority, Wages, and Productivity: A Turbulent Decade," *Journal of Economic Perspectives*, Fall 1989.

Edward Lazear, "Labor Economics and the Psychology of Organizations," *Journal of Economic Perspectives*, Spring 1991.

Edward Lazear and Kathryn Shaw, "Personnel Economics: The Economist's View of Human Resources," *Journal of Economic Perspectives*, Fall 2007.

Ronald Ehrenberg and Michael Bognanno, "Do Tournaments Have Incentive Effects?" *Journal of Political Economy*, December 1990.

Ernst Fehr and Simon Gächter, "Fairness and Retaliation: The Economics of Reciprocity," *Journal of Economic Perspectives*, Summer 2000.

Ernst Fehr, L. Goette, and C. Zehnder, "A Behavioral Account of the Labor Market: The Role of Fairness Concerns," IZA Discussion Paper 3901, December 2008.