

Human Resources and Labor Markets

ECON 8220, Spring 2018

7:15-9:45 Tuesday, Classroom South 201

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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 is attained 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*, 7th ed., 2016.

Support material for text can be subscribed at http://highered.mheducation.com/sites/007802188x/student_view0/index.html

Readings other than the text are posted at <http://unionstats.gsu.edu/8220>. Journal and news articles designated * are required. Others are optional. Additional readings may be added during the semester. Regular reading of the *New York Times*, *Wall Street Journal*, or other quality news sources will enhance the value of the course.

Important articles in labor economics are published in leading general interest and labor journals. The *Journal of Economic Perspectives* provides readable articles in labor and other areas of economics. Leading labor journals include the *Journal of Labor Economics*, *Journal of Human Resources*, and *Industrial & Labor Relations Review*. Current working papers can be found at the Institute for the Study of Labor (www.iza.org), the National Bureau of Economic Research (www.nber.org). Social Science Research Network (www.ssrn.com), and Research Papers in Economics (www.repec.org).

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 (www.bls.gov) and the Bureau of the Census (www.census.gov). The NBER also maintains a useful data site (www.nber.org). Sources for economic data and other useful links are summarized in *Resources for Economists* (rfe.org).

Grading and Exams/Assignment Dates

Final grades are based on a weighted average of a midterm (30%), a statistical analysis assignment on earnings equations (25%), a comprehensive final exam (35%), and paper summaries and class/seminar participation (10%). Students must complete all work as scheduled. Regular attendance is essential.

Midterm: Tuesday, February 20

Spring Break: Tuesday, March 13

Take-home Essays (due date): Tuesday, March 27 (to be handed out March 6)

Final exam: Tuesday, April 24, 7:00-9:30 p.m. [Not May 1 as listed in GSU exam schedule]

Academic Honesty:

Students are required to know and abide by Georgia State's Policy on Academic Honesty. The 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 Readings (*optional)

- [1/9] **1. Overview of the U.S. Labor Market and an Introduction to Labor Supply and Demand**
Borjas – Chs. 1 (including appendix), 4 (pp. 144-152)
B. Hirsch, “Facts and Features of the U.S. Labor Market,” slides, 2018.
B. Hirsch, “Labor Force Calculations, December 2017,” slides.
U.S. Bureau of Labor Statistics, *The Employment Situation, December 2017*, (short version), 1/5/2018.
L. Weber, “The End of Employees,” *WSJ*, 2/3/2017.
E. Porter, “Shaky Jobs, Sluggish Wages: Reasons Are At Home,” *NY Times*, 2/28/2017.
N. Irwin, “What if Sociologists Had as Much Influence as Economists?” *NY Times*, 3/17/2017.
- [1/16, 1/23] **2. Labor Supply, Time Use, and Family Economics**
Borjas – Ch. 2
B. Hirsch, “Labor Supply Issues,” Spring 2018, slides
J. Heckman, “What Has Been Learned About Labor Supply in the Past Twenty Years,” *American Economic Review*, May 1993.
G. Borjas, “The Relationship Between Wages and Weekly Hours of Work: The Role of Division Bias,” *Journal of Human Resources*, Summer 1980.
Betsey Stevenson and Justin Wolfers, “Marriage and Divorce: Changes and their Driving Forces,” *Jr. of Econ. Perspectives*, Spring 2007.
C. Miller, “The Divorce Surge is Over, but the Myth Lives On,” *NY Times*, 12/2/2014.
C. Miller and Q. Bui, “Marriage Equality Grows, and So Does Class Divide,” *NY Times*, Feb 27, 2016.
A. Cox, “The Rise of Men Who Don’t Work – and What They Do,” *NY Times*, 12/11/2014.
S. Chira, “Men Need Help. Is Hillary Clinton the Answer?” *NY Times*, 10/21/2016.
P. Cohen and R. Lieber, “It’s Summer, but Where Are the Teenage Workers?” *NY Times*, 7/3/2015.
U.S. Bureau of Labor Statistics, *American Time Use Survey, 2016*, Table 1-3, 6/27/2017.
Federal Interagency Forum on Aging, “Population Aging in the United States: A Global Perspectives,” July 2017.
National Vital Statistics Reports, United States Life Tables, 2012, Fig. 1-3, Tables 19-21, 11/28/2016.
- [1/30, 2/6a] **3. Demand for Labor, Minimum Wages, and Nonwage Benefits**
Borjas – Chs.3, 4 (pp. 152-162)
David Card, “Using Regional Variation in Wages to Measure the Effects of the Federal Minimum Wage,” *Industrial and Labor Relations Review*, October 1992.
Lawrence Summers, “Some Simple Economics of Mandated Benefits,” *Amer. Ec. Rev.*, May 1989.
C. Miller, “Americans Agree on Paid Leave, but Not on Who Should Pay,” *NY Times*, 3/23/2017.
A. Krueger, “The Minimum Wage: How Much Is Too Much?” *NY Times*, 10/9/2015.
A. Dube, “Minimum Wage and Job Loss: One Alarming Seattle Study is Not the Last Word,” *NY Times*, 7/20/2017.
P. Cohen, “Superstar Firms May Have Shrunk Workers’ Share of Income,” *NY Times*, 3/8/2017.
A. Tergesen, “Is There Really a Retirement-Savings Crisis?” *WSJ*, 4/23/2017.
R. Gordon, “Can Clinton or Trump Recapture Robust American Growth?” *NY Times*, Aug 8, 2016.
- [2/6b, 2/13] **4. Human Capital Investment: Education, Job Training, and Earnings**
Borjas – Ch. 6
P. Oreopoulos and U. Petronijevic, “Making College Worth It: A Review of Research on Returns to Higher Education,” NBER W.P. 19053, May 2013.
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.
J. Heckman, “Lifelines for Poor Children,” *NY Times*, 9/14/2013.
C. Miller, “How to Beat the Robots,” *NY Times*, 3/7/2017.
*J. Altonji, E. Blom, and C. Meghir, “Heterogeneity in Human Capital Investments, High School Curriculum, College Majors, and Careers,” NBER Working Paper 17985, April 2012.
*R. Hutchens, “Seniority, Wages, and Productivity: A Turbulent Decade,” *Jr. of Economic Perspectives*, Fall 1989.

[2/20] **Midterm: Tuesday, February 20 (Sections 1-4)**

[2/27, 3/6a] **5. Economics of Discrimination and Wage Differentials by Gender, Race, and Ethnicity**

Borjas – Ch. 9

Hirsch handouts: “Oaxaca Decompositions” and “Log vs. Percentage Differentials”

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

M. Doms and E. Lewis, “Narrowing of the Male-Female Wage Gap,” *FRBSF Econ Letter*, 6/29/2007.

M. Bertrand, C. Goldin, and L. Katz, “Dynamics of the Gender Gap for Young Professionals in the Financial and Corporate Sectors,” *American Economic Journal: Applied Economics*, July 2010.

C. Miller, “The Gender Pay Gap is Largely Because of Motherhood,” *NY Times*, 5/13/2017.

J. Heckman, “The American Family in Black and White: A Post-Racial Strategy for Improving Skills to Promote Equality,” IZA D.P. 5495, February 2011.

J. Wolfers, D. Leonhardt, and K. Quealy, “1.5 Million Missing Black Men,” *NY Times*, 4/20/2015.

S. Mullainathan, “Ban the Box? An Effort to Stop Discrimination May Actually Increase It,” *NYT*, Aug 19, 2016.

J. Wolfers, “Why the New Research on Mobility Matters: An Economist’s View,” *NY Times*, 5/4/2015.

L. Boustan, “The Culprits Behind White Flight,” *NY Times*, 5/15/2017.

[3/6b, 3/20] **6. Compensating Wage Differentials, Worker Mobility, Immigration, and Job Search**

Borjas – Ch. 4 (pp. 163-177), 5, 8

D. Card, “Good Jobs: The Importance of Who You Work For,” *Focus*, Spring/Summer 2013

R. Molloy, C. Smith, and A. Wozniak, “Internal Migration in the United States,” *Journal of Economic Perspectives*, Summer 2011.

R. Freeman, “People Flows in Globalization,” *Journal of Economic Perspectives*, Spring 2006.

J. Preston, “Immigrants Aren’t Taking Americans’ Jobs, New Study Finds,” *NY Times*, 9/21/2016.

E. Porter, “The Crumbling Case for a Mexican Border Wall,” *NY Times*, 9/16/2016.

C. Porter, “Canada’s Immigration System, Lauded by Trump, Is More Complex Than Advertised,” *NY Times*, 3/2/2017.

J. Mintz, “Large Firms Increasingly Rely on Employees for Referrals,” *WSJ*, 3/1/2005.

L. Weber, “Your Résumé vs. Oblivion,” *WSJ*, 1/24/2012.

A. Tugend, “Secrecy About Salaries May Be on the Wane,” *NY Times*, 8/22/2014.

[3/27] **7. Wage Inequality, Skill Biased Technological Change (SBTC), and the Demand-Supply Race**

Borjas – Ch. 7

B. Hirsch, “Earnings Inequality: Stylized Facts, Underlying Causes, and Policy,” Dec. 2014, slides.

F. Alvarado, A. Atkinson, T. Piketty, and E. Saez, “The Top 1 Percent in International and Historical Perspective,” *Journal of Economic Perspectives*, Summer 2013.

D. Autor and D. Dorn, “How Technology Wrecks the Middle Class,” *NY Times*, 8/24/2013.

D. Autor, “Why are there still so many jobs?” *TED Talk*, September 2016.

G. Ip, “Behind Rising Inequality: More Unequal Companies,” *WSJ*, 11/4/2015.

J. Rothwell, “Myths of the 1 Percent: What’s Putting People at the Top,” *NY Times*, 11/17/2017.

N. Irwin, “How Much Is a CEO Worth—America’s Confused Approach to Pay,” *NY Times*, 8/5/2015.

N. Schwartz, “Middle-Income Jobs Finally Show Signs of a Rebound,” *NY Times*, Aug 18, 2016.

C. Miller, “How the Modern Workplace Has Become More Like Preschool,” *NY Times*, 10/16/2015.

I. Kuziemko & S Stantcheva, “Our Feelings About Inequality: It’s Complicated,” *NY Times*, 4/21/2013.

[4/3, 4/10a]

8. Economic Analysis of Labor Unions

Borjas – Ch. 10

B. Hirsch, Slides for “Labor Unions: Membership, Wages, Competition, and Performance in the Private and Public Sectors,” 2017.

B. Hirsch, “Sluggish Institutions in a Dynamic World: Can Unions and Industrial Competition Coexist?” *Journal of Economic Perspectives*, Winter 2008.

S. Greenhouse, “Volkswagen Vote is Defeat for Labor in the South,” *NY Times*, 2/14/2014.

L. Saad, “Americans’ Support for Labor Unions Continues to Recover,” *Gallup*, 8/17/2015.

M. Marvit, “5 myths about unions,” *Washington Post*, 9/2/2016,

O. Cass, “American Workers Need a New Kind of Labor Union,” *WSJ*, 9/1/2017.

[4/10b, 4/17]

9. Unemployment

Borjas – Ch. 12

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.

H. Farber, “Job Loss in the Great Recession and Its Aftermath: U.S. Evidence from the Displaced Worker Survey,” NBER W.P. 21216, May 2015.

E. Lazear, K. Shaw, and C. Stanton, “Making Do With Less: Working Harder During Recessions,” NBER W.P. 19328, August 2013.

U.S. BLS, “Job Openings and Labor Turnover Survey (JOLTS) Highlights,” June 2017.

B. Appelbaum, “The Vanishing Male Worker: How America Fell Behind,” *NY Times*, 12/11/2014.

B. Casselman, “Unemployment Scars Likely to Last for Years,” *WSJ*, 1/9/2012.

B. Casselman, “Recession’s Hangover Blurs the Way to a Broad Recovery,” *NY Times*, 10/5/2017.

[4/24]

Final Exam: Tuesday, April 24, 7:00-9:30 p.m.

Personnel Economics, Pay Policies, and Internal Labor Markets (will not cover, for your information)

Borjas – Ch. 11

R. Ehrenberg and R. Smith, *Modern Labor Economics*, “Pay and Productivity: Chapter 11, 2006,”

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.

N. Bloom and J. Van Reenen, “Why Do Management Practices Differ across Firms and Countries,” *Jr. of Econ. Perspectives*, Winter 2010.

G. Akerlof and R. Kranton, “Identity and the Economics of Organizations,” *Jr. of Econ. Perspectives*, Winter 2005.

A. Mas and E. Moretti, “Peers at Work,” *American Economic Review*, March 2009.

J. Rebitzer and L. Taylor, “Extrinsic Rewards and Intrinsic Motives,” *Handbook of Labor Economics*, Vol. 4A, edited by O. Ashenfelter and D. Card, 2010.

J. List and I. Rasul, “Field Experiments in Labor Economics,” *Handbook of Labor Economics*, Vol. 4A, edited by O. Ashenfelter and D. Card, 2010.

G. Charness and Peter Kuhn, “Lab Labor: What can Labor Economists Learn from the Lab?” *Handbook of Labor Economics*, Vol. 4A, edited by O. Ashenfelter and D. Card, 2010.