

EC 409W Syllabus

Labor Economics

Spring 2021

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Office Hours: by appointment

Reading Material

- *Modern Labor Economics*, Ehrenberg and Smith, 13th Edition, Routledge Press (Older editions are acceptable)
- Assigned newspaper and journal articles, links on syllabus.
- Access to the *Wall Street Journal*. VMI provides free access through the [library website](#) or you can buy a student subscription for \$4 per month [here](#).

Prerequisites

EC 300 – Intermediate Microeconomics

Course Description

In this course, you will build on topics from Principles and Intermediate Microeconomics to learn how companies decide to hire workers, how people decide how many hours to work, and what incentivizes or disincentivizes people from working and the trade-offs from working vs leisure. We will discuss specific topics that impact the labor market and wages which include:

- Income inequality
- How education impacts wages
- How immigration impacts wages and jobs
- Labor market discrimination based on gender and race

Then we will discuss different government policies that are in place or have been proposed to deal with these issues which include:

- Unemployment benefits
- Minimum wage and the Earned Income Tax Credit
- Wealth taxation
- Universal basic income
- Labor market discrimination based on gender and race

Grading and Assignments

Homework and Reading Assignments	15%
Executive Summary Assignments	30 %
Two Exams	12.5% each
Final Paper	30%

Grading Scale

A	90-100	B	80-89	C	70-79	D	60-69	F	0-59
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Homework

Homework assignments will periodically assigned weekly throughout the course. Assignments are due by the beginning of class and should be uploaded to Canvas. Late homework will result in a 50% reduction in points. The lowest homework grade will be dropped.

Some assignments will be a writing response to a reading in the *Wall Street Journal*, *New York Times*, or academic journal article and others will be working on problems from in class material. Homework will be graded on the following scale.

Grade	Description	% Grade
✓+	Attempted every problem and showed all work	100
✓	Attempted most problems and showed all work	80
✓-	Attempted some problems or did not show most work	60
✗	Does not meet criteria for ✓-	0

Exams

There will be two exams in this course. Dates will be announced in class and on Canvas.

Students requesting a make-up exam time must inform me prior to the exam. No student may take a scheduled midterm at an alternative time for any other reason.

Executive Summary Assignments

One of the goals of this class is to connect economics theory to real world applications. To do so, you are required to read the *Wall Street Journal*. Every two weeks, you will be required to submit a 1-2 page executive summary on an article of their choice regarding something they read in the Wall Street Journal. You will summarize the article and try to relate them to the class. Details on these assignments can be found at the end of the syllabus.

Final Paper

Students are required pick a labor market policy or issue which you will investigate throughout the semester. Details on the paper can be found at the end of the syllabus.

Course Topics

The following is a *tentative* list of concepts and topics that will be discussed throughout the course along with the corresponding chapter in the book. Occasionally there will be additional readings from the *Wall Street Journal* and other relevant sources that may be assigned and discussed that will add real world value to the topics discussed in the textbook. Any changes be announced on Canvas.

Starred articles in each section will be assigned to read. All the articles should be used as a starting point for sources for your final paper and they are also good additional reading to dive deeper into the topics. The link will open the article.

1. Introduction to Labor Economics and Review of Derivatives

2. Labor Demand and Elasticity – Chapters 3 and 4

3. Labor Supply and the Decision to Work – Chapter 6

4. Home Production and Allocating Work in a Household – Chapter 7

Becker, Gary. 1965. "[A Theory of the Allocation of Time.](#)" *Economic Journal*, 75: 493-517.

Aguiar, Mark and Erik Hurst. 2005. "[Consumption versus Expenditure.](#)" *Journal of Political Economy*, 113(5): 919-948.

*Brown, Claire. 1985. "[An Institutional Model of Wives' Work Decisions.](#)" *Industrial Relations*, 24: 182-204

Exam 1 - Date TBD

5. Education and Labor Market Returns – Chapter 9

*Angrist, Joshua D., and Alan B. Krueger. 1991. “Does Compulsory School Attendance affect Schooling and Earnings?” *The Quarterly Journal of Economics*, 151(4): 979-1014.

*Weiss, Andrew. 1995. “Human Capital vs. Signalling Explanations of Wages.” *Journal of Economic Perspectives*, 9(4): 133-154.

Couch, Kenneth. 1992. “New Evidence on the Long-Term Effects of Employment Training Programs.” *Journal of Labor Economics*, 10(4): 380-388.

6. Immigration and Wages of Native Workers – Chapter 10

*Foged, Mette and Giovanni Peri. 2016. “Immigrants’ Effect on Native Workers: New Analysis on Longitudinal Data.” *American Economic Journal: Applied Econometrics*, 8(2): 1-34.

*Borjas, George. 1995. “The Economic Benefits from Immigration.” *Journal of Economic Perspectives*, 9(2): 3-22.

Card, David. 2005. “Is the New Immigrant Really so Bad?” *The Economic Journal*, 115(507), F300-F323.

Ottviano, Gianmarco I.P., and Giovanni Peri. 2008. “Immigration and National Wages: Clarifying the Theory and the Empirics.” *NBER Working Paper 14188*.

7. Labor Market Discrimination – Chapter 12

• Race

*Bertrand, Marianne, and Sendhil Mullainathan. 2004. “Are Emily and Greg More Employable Than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination.” *American Economic Review*, 94 (4): 991-1013.

Bertrand, Marianne, and Ester Duffalo. 2016. “Field Experiments on Discrimination.” *NBER Working Paper 22014*.

*Daly, Mary C., Bart Hobijn, and Joseph H. Pedtke. 2017. “Disappointing Facts about the Black-White Wage Gap.” *FRBSF Economic Letter 2017-26*.

Wilson, Valerie, and William M. Rodgers III. 2016. “Black-white wage gaps expand with rising wage inequality.” *Economic Policy Institute*.

• Gender

Bertrand, Marianne, Claudia Goldin, and Lawrence F. Katz. 2010. “Dynamics of the Gender Gap for Young Professionals in the Financial and Corporate Sectors.” *American Economic Journal: Applied Economics*, 2 (3): 228-55.

*Blau, Francine D., and Lawrence M. Kahn. 2017. “The Gender Wage Gap: Extent, Trends, and Explanations.” *Journal of Economic Literature*, 55 (3): 789-865.

*Bronson, Mary Ann, and Peter Skogman Thoursie. 2020. “The Wage Growth and Within-Firm Mobility of Men and Women: New Evidence and Theory.” *Working Paper*.

Kleven, Henrik, Camille Landis, and Jakob Egholt Sogaard. 2018. "Children and Gender Inequality: Evidence from Denmark." *American Economic Journal: Applied Economics*. 11: 118-209.

8. Income Distribution and Income Inequality – Chapter 15

*Akbar, Prottoy A., Sijie Li, Allison Shertzer, Randal P. Walsh. 2019. "Racial Segregation in Housing Markets and the Erosion of Black Wealth". *NBER Working Paper 25805*.

Autor, David, Claudia Goldin, and Lawrence F. Katz. 2020. "Extending the Race Between Education and Technology." *NBER Working Paper 26705*.

Feir, Donna, and Rob Gillezeau. 2018. "Return to the Homeland? The Impact of the Great Recession on Employment Outcomes and Labor Mobility for Native Americans." *Journal of Economics, Race, and Policy*. 1: 60-74.

Exam 2 - Date TBD

9. Minimum Wage and the Earned Income Tax Credit

Autor, David H, Alan Manning, and Christopher L. Smith. 2016. "The Contribution of the Minimum Wage to US Inequality over Three Decades: A Reassessment." *American Economic Journal: Applied Economics*. 8(1): 58-99.

*Derenoncourt, Ellora, and Claire Montialoux. 2021. "Minimum Wages and Racial Inequality." *The Quarterly Journal of Economics*. 136(1): 169-228.

*Cengiz, Doriuk, Arindrajit Dube, Attila Lindner, and Ben Zipperer. 2029. "The Effect of Minimum Wages on Low-Wage Jobs." *The Quarterly Journal of Economics*. 134(3): 1405-1454.

*Rothstein, Jesse, and Ben Zipperer. 2020. "The EITC and minimum wage work together to reduce poverty and raise income." *Economic Policy Institute*.

Hoynes, Hillary W, and Ankur J. Patel. 2018. "Effective Policy for Reducing Poverty and Inequality? The Earned Income Tax Credit and the Distribution of Income." *The Journal of Human Resources*. 53(4): 859-890.

10. Wealth Taxation

*Saez, Emmanuel, and Gabriel Zucman. 2019. "Progressive Wealth Taxation." *Brookings Papers on Economic Activity*.

Boadway, Robin, and Pierre Pestieau. 2018. "The Tenuous Case for an Annual Wealth Tax." *IEB Working Paper 2018/01*.

Kopczuk, Wojciech. 2019. "Comment on 'Progressive Wealth Taxation' by Saez and Zucman prepared for the Fall 2019 issue of *Brookings Papers on Economic Activity*."

Saez, Emmanuel, and Gabriel Zucman. 2019. "How would a progressive wealth tax work? Evidence from the economics literature." *Working Paper*.

11. Universal Basic Income

*Hoynes, Hilary W., and Jesse Rothstein. 2019. "Universal Basic Income in the US and Advanced Countries." *NBER Working Paper 25538*.

Ghatak, Maitreesh, and François Maniquet. 2019. “Universal Basic Income: Some Theoretical Aspects.” *Annual Review of Economics*, 11: 895-928.

12. Other Topics as Time Permits

Attendance Policy

The department subscribes to VMI’s “30% rule.” No categories of absences (academic, athletic, guard, 3.2 cuts, etc.) are exempt from that percentage. Cadets will be notified upon reaching 20% absences. Upon reaching 30% absences, the cadet is referred to the Dean for appropriate action.

Classroom Expectations

Teaching will mostly be conducted via lecture and use of the white board. Occasionally the lecture will be supplemented with handouts, videos, and PowerPoints which will be made available on Canvas.

I encourage you to engage in class, be curious, and ask questions. The economic concepts taught in this class can apply to a wide range of interests and policy issues. Finding ways to integrate your interests into these topics will make the material more interesting and easier to understand.

While the class will be a learning environment that at times involves dialogue and group work, I expect you to remain professional, polite, and civil at all times. This includes but is not limited to:

- Listening when someone else is talking and no talking over someone else.
- At times we will converse with each other when discussing policy or current events. It is okay to disagree as long as these conversations are done with respect. Lack of respect and civility can result in being asked to leave the classroom.
- During lecture, do not engage in side-bar conversations that will be a distraction.

Work for Grade and Institute Policies

It is your responsibility to carefully read and understand these policies both from VMI, the Department, and the course. Copies of these policies are available on Canvas:

<https://vmi.instructure.com/courses/14684/pages/institute-and-department-policies>.

Students with Disabilities

VMI abides by Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990 which mandate reasonable accommodations are provided for all Cadets with documented disabilities. If you have a registered disability and may require some type of instructional and/or examination accommodations, please contact me early in the semester so that I can provide or facilitate provision of accommodations you may need. If you have not already done so, you will need to register with the Office of Disabilities Services, the designated office on Post to provide services for Cadets with disabilities. The office is located on the 2nd floor of the VMI Health Center. Please call or stop by the office of LTC Sarah Jones, Director of Disabilities Services, for more information, 464-7667 or email at: joness110@vmi.edu.

Statement of Diversity and Inclusion

VMI values human diversity in all its richly complex and multi-faceted forms, whether expressed through race and ethnicity, culture, political and social views, religious and spiritual beliefs, language and geographic characteristics, gender, gender identities and sexual orientations, learning and physical abilities, age, and social or economic classes. We respect the value of every member of the class, and everyone in the class is encouraged to share their unique perspective as an individual, not as a representative of any category. Multicultural and intercultural awareness and competencies are key leadership skills. College is supposed to challenge assumptions and to provide new and sometimes

uncomfortable ways of looking at issues. If you feel uncomfortable regarding content or perspectives that are presented or discussed by me, your professor, guest speakers, or other cadets, please contact me immediately so that we can discuss those issues. I also ask that you let me know your preferred gender pronoun. Your suggestions on how to incorporate diversity in this course in a meaningful way are appreciated and encouraged.

Executive Summary Writing Assignments

The concepts we discuss in this class are relevant to many policy issues that are discussed weekly in the news and can commonly be found in articles in the *Wall Street Journal*. You will be required to submit five 1-2 page executive summaries on an article of your choice that you read in the *Wall Street Journal*.

The purpose of this assignment is to encourage you to apply your knowledge of economics to real-world issues and help give you a deeper understanding of the topics covered in class. In addition, these assignments will enhance your writing skills and focus on getting points across in a brief and concise manner.

Guidelines

Must be included in these assignments:

- Choose an article from the *Wall Street Journal*.
- Summarize the article
 - 1-2 paragraphs on the main points and conclusions of the article
- Relate the article to topics discussed in class.
 - Be thorough with relating it to class. Dive into a topic and connect the theory with the real-world, don't just generally state how it relates. Be specific when discussing the economic models and topics we discuss.
 - If there are two sides to an argument, discuss both sides.
 - This should be the “meat” of the executive summary and where the bulk of your grade will come from.
- Must include a works cited section in [APA format](#).

Things that will deduct points from your assignment:

- Conversational language and colloquial phrases
 - I will point this out in your initial submissions. It is good practice to learn to avoid this.
- Use of first and second person (I, me, my, we, you, etc.)
 - The only time you should use first person is in original research that you are conducting, that is not the case in this assignment.
 - Writing in the third person will make your writing better and more professional.
- Poor grammar.
- Improper use of citations and/or no works cited.

Due Dates

Subject to change. Will be notified on Canvas.

- February 7th
- February 21st
- March 14th
- April 4th

- April 18th

Feedback

After submission, you will be provided feedback on your executive summary along with what the grade of the first submission would be. Feedback will be based on how well your assignment adheres to the guidelines. There will be a specific emphasis on diving deeper into how the article relates to class and applying theory to the real-world.

You will then have one week to revise and resubmit the assignment. Your final grade for the assignment will be based on your resubmitted work and addressing any comments or concerns in addition to following the guidelines stated above.

Late Submissions

Initial Submission

I will only accept a late initial submission for 24 hours after the deadline with a 20 point reduction in the grade for that assignment. Anything after 24 hours will result in a grade of zero. This is to ensure that I have enough time to read and give proper thoughts and feedback on your work.

Resubmission

A late resubmission addressing the comments will result in a 20 point reduction each day the assignment is late. (e.g., one day results in a 20 point deduction, 2 days results in a 40 point deduction, etc.)

Final Paper

You will be required to write a 10-15 page paper on a topic or policy in labor economics of your choice. This assignment will give you a short introduction to academic writing and the feedback will help you condense your arguments to make sure you are getting the most out of your words.

Policies and topics of these can include (but are not limited to):

- Labor Productivity and Technology
- Immigration Policy and Labor Markets
- Black-White Wage Gap
- Male-Female Wage Gap
- Unions and Collective Bargaining
- Education and Wages
- Income Inequality and Government Policy

You may also pick a topic that is not on this list. You should pick a topic that interests you and that you would enjoy learning more about throughout the semester. You will work on this assignment throughout this semester and thoroughly dive into the specific policy or issue.

Structure of the Paper

- Introduction (*2-3 pages*)
 - Introduce the topic, define the issue, and provide a brief discussion of the issue.
 - Why this is an important issue and why should the reader care about the issue.
 - Here you need to “sell” the reader that this paper is worth reading
- Summary of the policy and the issue (*3-4 pages*)
 - Provide a review of relevant literature and articles to summarize the issue.
 - Provide key statistics, facts, and graphs.

- If there are multiple sides to an issue, make sure you discuss both sides. Most issues and policies have multiple causes and multiple outcomes. Don't be biased.
- Analysis of potential solutions (*3-4 pages*)
 - Using what you discussed in the previous section, discuss and analyze potential solutions to the problem or discuss changes and refinements to the existing law/policy.
 - You should use policy ideas that have been proposed already and discuss their pros and cons.
 - You also are welcome to give your own thoughts and opinions of solutions and policy options, just make sure it is written in the third person.
- Conclusion (*2-3 pages*)
 - Provide a summary of the policy/issue, remind readers why this is an important topic worth exploring.
 - Highlight what you think are the main points to you want the reader to take home.
 - Discuss briefly where future work should look to explore or future directions policymakers should discuss.

Formatting Guidelines

- 12-point Times New Roman font
- Double spaced
- References and sources in APA format
- Cover page
- Page numbers
- Each section should be properly identified
- All tables and figures should go in a section at the end of the paper and do not count towards the pages of the paper.

Feedback

You will submit the Summary and Analysis sections at varied due dates throughout the semester. You will receive feedback on the content and structure of your writing within two weeks. The goal of this is to help you provide you with the tools to make the most comprehensive discussion on the topic and ensure appropriate structure. You will also have the option to get feedback on your introduction and conclusion, but is not required.

Missed submissions will result in a 20 point deduction in your final grade.

Submission Deadlines

- Topic selection: January 31
- Summary of the policy and issue: February 28
- Analysis of potential solutions: April 10
- Introduction and Conclusion (Optional): April 25
- Final Paper: May 4

Grading

You will receive one final grade for this paper. A late submission for feedback will result in a 10 point deduction of the final paper grade. The submissions for feedback are to provide you with opportunities to improve and enhance the final paper. The final grade will be based on making sure that all the requirements have been met as listed above and incorporating the feedback into the final paper.

You will have opportunities to meet one-on-one with me during the semester to discuss the feedback and writing and work on introductions and conclusions.

Paper Guidelines

- Use any primary news source to generate a topic. The following sources are acceptable: Wall Street Journal, New York Times, Washington Post, Associated Press, Reuters, NPR, CBS, ABC, NBC, Axios, Politico, or The Hill. **You should have 3-5 of these sources.**
- Do not use cable news sources or political websites that often blur the line between news and opinion (Fox News, CNN, MSNBC, Briebart, The Blaze, Media Matters, The Huffington Post, BuzzFeed, The Washington Times, New York Post, Vox, The Federalist, etc.). If one of these websites is reporting it as news, you will should be able to find it from one of the other news sources that are less likely to present the information with political spin. If you cannot find it from another source, then you should question its authenticity.
- Use journal articles and government/NGO reports to dive into the issues, providing a short literature review, and then deliver your opinions on possible solutions to improve the issue or policy based on what you've researched. You can usually get all the information you need from reading the introduction, background/literature section, results, and conclusions. Many articles that will be useful for you are listed on the syllabus and we will discuss in class. You can also find these sources using Google Scholar and EconLit through the library website. **You should have 4-7 of these sources.**
- In the summary of the policy or issue section, be fair to all sides of an argument. Make sure you include all sides of the issue, what are the pros and cons. Be thorough and be fair. Presenting one side of an issue and ignoring the other side makes your work less credible.
- Your analysis of potential solutions should be informed by the articles you read and the research you conduct. It is ok to state your opinion, but you should also discuss why other opinions or solutions may not be as optimal as yours. Again, use the summary section to inform and base your reasoning for this section.
- Brevity is better. The fewer words you can get your point across the better. Avoid using "spoken language," jargon, and colloquial phrases.
- The paper should be written in the third person, avoid first and second person (e.g., I, me, my, you, we, etc.).
- Avoid using direct quotes from a source, try to paraphrase it. It will make your writing stronger and more clear.
- See how the articles, both scholarly and news articles, are written and try to use them to help make you a better writer.
- The grading rubric that will be used can be found on the next page.

Grade	Writing Style	Grammar	Organization	Citations and Format	Introduction	Summary of Policy or Issue	Analysis of Potential Solutions	Conclusion
A 4.50-5.00 Points	Readable, well written without any distracting or tangential information. Brief and gets point across without use of jargon or colloquial phrases.	Excellent sentence structure, use of verb forms, choice of words, and punctuation.	All paragraphs have clear ideas, are organized in logical manners, have smooth transitions, and are tied together effectively.	Proper title page, pages numbered, sections clearly defined, and all sources correctly cited in APA format. Uses correct amount of sources.	Introduction clearly lays out the thesis and outline, and supports it throughout the paper. It catches the reader's interest.	Thorough review of literature and current events. Demonstrates understanding of all sides of arguments. Includes relevant statistics and graphs if needed.	Paper offers strong/persuasive supporting evidence or explanation. Exhibits thorough knowledge of subject. Important points included.	Conclusion is complete and persuasive. Is effective in capturing the gist of the argument and looks ahead.
B 4.00-4.45 Points	Readable, fairly well written. No major distractions, occasional tangential information.	Some poor sentence structure, improper use of verbs, awkward choice of words, incomplete sentences, or incorrect punctuation.	Ideas are mostly organized in a logical manner in paragraphs, although transitions do not always lead the reader to the next idea.	Missing some formatting and/or sources correctly attributed but not in correct format. Missing 1-2 sources from a category.	Introduction is relevant, has thesis and gives an outline of the paper. Shows awareness of the purpose.	Decent review of the literature and current events. Missing some key pieces but demonstrates general knowledge of the topic.	Paper offers supporting evidence or explanation for most points. Such evidence/explanation suggests adequate knowledge of subject.	Conclusion is adequate, summarizes main points, and draws appropriate inferences based upon these points. Not fully effective in concluding argument
C 3.50-3.95 Points	Writing is generally clear but may have awkward structure or unclear content.	Pattern of errors in sentence structure, use of verb forms, choice of words, punctuation or incomplete sentences.	Most paragraphs do not have a clear idea or are not organized in a logical manner. Transitions are weak.	Missing most formatting but citations attributed correctly. Lack of number of sources.	Introduction is largely irrelevant, shows little awareness of the purpose of the paper. Roadmap and topic (thesis) are unclear.	Briefly reviews literature/current events. Only presents one side. Shows surface level understanding of topic	Exhibits weak understanding of subject matter. Some obvious or important points overlooked.	Conclusion is weakly tied to analysis. New points are introduced that were not explained in the body of paper.
D 3.00-3.45 Points	Filled with distractions and or, redundancies, difficult to read.	Continuous errors: poor sentence structure, syntax punctuation, or incomplete sentences.	Paragraphs lack clear ideas, and/or are disjointed. No transitions.	No citations or citations unclear. (Zero points on paper if no citations)	Introduction is absent. No roadmap (outline) or topic.	Does no review literature/current events. Uses non-reputable sources.	Lacks supporting evidence/explanation for most points. Table missing. Several points overlooked.	Missing or poor. Not tied to analysis. Does not summarize the points that could conclude the argument.
Section Points								
Section Weight	0.5	0.5	1.0	1.0	1.5	2.0	2.0	1.5
Final Score	<i>Final Score Calculation = Sum(Section Weight * Section Score) * 2</i>							