

ECON 384: Labor Economics

Haverford College
Department of Economics

Professor: Michael Levere (he/him) (mlevere@haverford.edu)

Class Meetings: MW, 1:00-2:30 pm, Lutnick 211

Office Hours: Tuesday 10 am-12 pm, Chase 218

Required Textbook: None. All required reading materials will be posted on Moodle.

COURSE DESCRIPTION

Labor markets are a critical part of the economy – by employing workers, firms are able to create products and ultimately increase output, while by spending their time working, people are able to get the money that they need to live their lives. Yet we know that in a variety of ways labor markets fail to operate efficiently, with extensive evidence of discrimination that ultimately leads to gaps in income and wealth between women and men and between non-Whites and Whites. This course will explore a variety of empirical issues related to labor economics. We will read the most recent cutting-edge research in labor economics, enabling you to critically assess policy proposals in labor. We will explore both how workers supply their labor and how firms demand it. We will explore a variety of important policies that affect employment, such as the minimum wage, unemployment insurance, affirmative action, and disability benefits. We will also analyze how things like unions, immigration, and technological change affect labor markets. This course will provide you the opportunity to learn about interesting issues while developing your economic toolkit, allowing you to think critically about economic research.

LEARNING OBJECTIVES

By the end of this course, you will be able to:

- Read economic research published in top journals
- Evaluate the validity of research methods used in academic papers
- Identify key issues affecting firms' labor demand and individuals' labor supply
- Predict how policies relating to the minimum wage, immigration, and others will affect the labor market
- Summarize how labor markets experience discrimination and contribute to income inequality
- Present complex research topics in an accessible manner

KEY DATES

- February 8: Referee report due
- March 3: Research proposal progress report due

- March 29: Data assignment due
- May 12: Research proposal due

CLASS PARTICIPATION (15%)

The first component of your grade is class participation. You must attend class, have read the paper we will discuss that day in advance to prepare for class, and engage in discussion. Regular participation is expected.

PRESENTATIONS (20%)

Students will lead discussions of most papers we read – either in groups or alone. The presenters will be responsible for being experts on the paper, responding to other student questions and leading the discussion of the paper. Papers that students will present are listed on the syllabus with **. By 1/23, send me a list of eight papers you would most like to present. I will then send back assignments for who will be responsible for presenting each paper throughout the semester. Each student will be in a presenter team three times during the semester. Presentations will be graded on the extent to which you successfully address the following questions and the ability to get the other students engaged in the discussion.

- What are the key research questions this paper addresses?
- What data do the authors use? How did they get access to the data?
- What model do the authors estimate? What is the identification strategy for estimating a causal effect? Do you believe this strategy?
- What are the main findings in the paper? What are the implications of these findings?
- What issues did you find with the paper? What other key topics that we have studied this semester does it relate to?

REFeree REPORT (10%)

Each student will be required to write a referee report on a paper I am working on now related to how the minimum wage affects employment of workers with disabilities. The referee report will be due on 2/8. This paper is at a very early stage, so I expect that there will be ample opportunities for thoughtful critiques. A referee report is jointly a summary and an evaluation of a paper, typically between two and four double spaced pages in length. In practice, it serves as a valuable piece of feedback from a scholar who has read the paper carefully (you, the referee), to both the editor of a journal or book and to the author of the paper. The editor uses the referee report in his or her decision concerning whether to publish the paper, and the author uses it as valuable feedback on how the paper can be improved.

DATA ANALYSIS (15%)

We will use publicly available data to replicate and update some recent analyses of the impact of the minimum wage on labor market outcomes. This topic is especially relevant today

given that the minimum wage has not increased federally since 2009, when it is currently \$7.25, and is at its lowest level in real terms since the 1950's. Though Congress recently considered a minimum wage increase, it is unclear if or when a federal increase will happen. Instead, numerous states have established their own minimum wages, some as high as \$16 in Washington DC. This will be an exciting opportunity to do cutting-edge empirical work on a topic of great interest in the literature. More information on the precise assignment will be provided later in the semester.

RESEARCH PROPOSAL (40%)

Each student will be expected to produce a 10-15 page "proposal" for an original research project you would be interested in completing (rather than producing an entire paper in 14 weeks – they can take years!). The proposal should be on an issue related to labor economics. It should most importantly include a well formed research question. The question should be framed in the literature we have read, explaining how this project would build on existing research. The proposal must also describe the methodology (the type of model you would estimate), the data that you would use to answer this research question, and hypotheses for what you might find. Be sure to provide a justification for why this is an important and interesting research question. Each student will give an oral presentation of their proposal during the last week and a half of classes. The final written proposal is due on the last day of exams. An initial suggested set of intermediate deadlines follows to help keep you on track. You must turn in a 2-3 page research proposal progress report that explains your proposed topic, the research question, and motivation by March 3 (this progress report will count for 10% of your final grade).

- February 10: Proposed initial topic and research question
- March 3: Motivation and place topic in context of literature
- March 31: Identify methodology and potential data source
- April 19-26: Sufficient work done to present proposal in class
- May 12: Final research proposal due

OTHER DETAILS

Inclusivity: I consider this classroom to be a place where you will be treated with respect, and I welcome individuals of all ages, backgrounds, beliefs, ethnicities, genders, gender identities, gender expressions, national origins, religious affiliations, sexual orientations, ability – and other visible and nonvisible differences. All members of this class are expected to contribute to a respectful, welcoming and inclusive environment for every other member of the class.

E-mail policy: I will always do my best to reply to any e-mail you send within 24 hours. My response will typically be of a similar length as your e-mail. If you have more detailed

questions, I suggest you attend office hours. I am generally available outside my office hours as well, so please feel free to stop by my office or email to schedule an appointment.

Academic honesty: For referee reports and the data analysis assignment, you may use any resources you like and can consult with classmates, provided that the work you turn in is your own and you acknowledge the names of helpful peers. Directly copying someone else's work, ideas, or answers is a violation of college policy with serious consequences.

Additional support: I am committed to partnering with you on your academic and intellectual journey. I also recognize that your ability to thrive academically can be impacted by your personal well-being and that stressors may impact you over the course of the semester. If the stressors are academic, I welcome the opportunity to discuss and address those stressors with you in order to find solutions together. If you are experiencing challenges or questions related to emotional health, finances, physical health, relationships, learning strategies or differences, or other potential stressors, I hope you will consider reaching out to the many resources available on campus. These resources include CAPS (free and unlimited counseling is available), the Office of Academic Resources, Health Services, Professional Health Advocate, Religious and Spiritual Life, the Office of Multicultural Affairs, the GRASE Center, and the Dean's Office. Additional information can be found at <https://www.haverford.edu/deans-office-student-life/offices-resources>

Additionally, Haverford College is committed to creating a learning environment that meets the needs of its diverse student body and providing equal access to students with a disability. If you have (or think you have) a learning difference or disability – including mental health, medical, or physical impairment – please contact the Office of Access and Disability Services (ADS) at hc-ads@haverford.edu. The Director will confidentially discuss the process to establish reasonable accommodations. It is never too late to request accommodations – our bodies and circumstances are continuously changing. Students who have already been approved to receive academic accommodations and want to use their accommodations in this course should share their accommodation letter and make arrangements to meet with me as soon as possible to discuss how their accommodations will be implemented in this course. Please note that accommodations are not retroactive and require advance notice in order to successfully implement.

Tentative Schedule

Lecture	Date	Day	Topic
1	January 18	Wednesday	Intro
2	January 23	Monday	Labor supply
3	January 25	Wednesday	Labor supply
4	January 30	Monday	Labor demand
5	February 1	Wednesday	Labor demand
6	February 6	Monday	Minimum wage
7	February 8	Wednesday	Minimum wage
8	February 13	Monday	Racial discrimination
9	February 15	Wednesday	Racial discrimination
10	February 20	Monday	Gender discrimination
11	February 22	Wednesday	Gender discrimination
12	February 27	Monday	Intergenerational mobility
13	March 1	Wednesday	Intergenerational mobility
14	March 13	Monday	Human capital
15	March 15	Wednesday	Human capital
16	March 20	Monday	Affirmative action
17	March 22	Wednesday	Unemployment insurance
18	March 27	Monday	Unemployment insurance
19	March 29	Wednesday	Immigration
20	April 3	Monday	Immigration
21	April 5	Wednesday	Unions
22	April 10	Monday	Disability benefits
23	April 12	Wednesday	Family leave
24	April 17	Monday	Changing nature of work
25	April 19	Wednesday	Student presentations
26	April 24	Monday	Student presentations
27	April 26	Wednesday	Student presentations

Required readings

All papers are required reading. Papers with ** are for student presentations.

Labor Supply (January 23 and January 25)

- **Martinez, I. Z., Saez, E., and Siegenthaler, M. (2021). Intertemporal labor supply substitution? evidence from the swiss income tax holidays. *American Economic Review*, 111(2):506–546
- **Eissa, N. and Liebman, J. B. (1996). Labor supply response to the earned income tax credit. *Quarterly Journal of Economics*, 111(2):605–637

Labor Demand (January 30 and February 1)

- **Acemoglu, D. and Restrepo, P. (2020). Robots and jobs: Evidence from us labor markets. *Journal of Political Economy*, 128(6):2188–2244
- **Autor, D., Dorn, D., and Hanson, G. (2013). The china syndrome: Local labor market effects of import competition in the united states. *American Economic Review*, 103(6):2121–2168

Minimum Wage (February 6 and February 8)

- **Dube, A., Lester, T. W., and Reich, M. (2010). Minimum wage effects across state borders: Estimates using contiguous counties. *Review of Economics and Statistics*, 92(4):945–964
- **Card, D. and Krueger, A. B. (1994). Minimum wages and employment: A case study of the fast food industry in new jersey and pennsylvania. *American Economic Review*, 84(4):772–793
- Clemens, J. (2019). Making sense of the minimum wage: A roadmap for navigating recent research. *CATO Institute Policy Analysis*, 867
- Kim, J., Levere, M., and Magenheimer, E. (2023). Do minimum wage increases induce changes in work behavior for vulnerable populations? evidence from people with disabilities. *Haverford College Working Paper*

Racial discrimination (February 13 and February 15)

- **Bertrand, M. and Mullainathan, S. (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
- **Derenoncourt, E. and Montialoux, C. (2021). Minimum wages and racial inequality. *Quarterly Journal of Economics*, 136(1):169–228

Gender discrimination (February 20 and February 22)

- **Goldin, C. and Rouse, C. (2000). Orchestrating impartiality: The impact of “blind” auditions on female musicians. *American Economic Review*, 90(4):715–741
- **Bursztyn, L., Fujiwara, T., and Pallais, A. (2017). ‘acting wife’: Marriage market incentives and labor market investments. *American Economic Review*, 107(11):3288–3319

Intergenerational mobility (February 27 and March 1)

- **Chetty, R. and Hendren, N. (2018). The impacts of neighborhoods on intergenerational mobility i: Childhood exposure effects. *Quarterly Journal of Economics*, 133(3):1107–1162
- **Olivetti, C. and Paserman, M. D. (2015). In the name of the son (and the daughter): Intergenerational mobility in the united states, 1850-1940. *American Economic Review*, 105(8):2695–2724

Human Capital (March 13 and March 15)

- **Chetty, R., Friedman, J. N., and Rockoff, J. E. (2014). Measuring the impacts of teachers ii: Teacher value-added and student outcomes in adulthood. *American Economic Review*, 104(9):2633–2678
- **Bhuller, M., Mogstad, M., and Salvanes, K. G. (2017). Life-cycle earnings, education premiums, and internal rates of return. *Journal of Labor Economics*, 35(4):993–1030

Affirmative Action (March 20)

- **Bleemer, Z. (2022). Affirmative action, mismatch, and economic mobility after california’s proposition 209. *Quarterly Journal of Economics*, 137(1):115–160

Unemployment Insurance (March 22 and March 27)

- **Ganong, P., Greig, F., Liebeskind, M., Noel, P., Sullivan, D., and Vavra, J. (2022). Spending and job search impacts of expanded unemployment benefits: Evidence from administrative micro data. *University of Chicago, Becker Friedman Institute for Economics Working Paper*
- Card, D., Chetty, R., and Weber, A. (2007). spike at benefit exhaustion: Leaving the unemployment system or starting a new job? *American Economic Review*, 97(2):113–118
- **Marinescu, I. and Skandalis, D. (2021). Unemployment insurance and job search behavior. *Quarterly Journal of Economics*, 136(2):887–931

Immigration (March 29 and April 3)

- **Card, D. (1990). The impact of the mariel boatlift on the miami labor market. *Industrial and Labor Relations Review*, 43(2):245–257
- **East, C. N., Hines, A. L., Luck, P., Mansour, H., and Velasquez, A. (2022). The labor market effects of immigration enforcement. *Journal of Labor Economics*, Forthcoming

Unions (April 5)

- **DiNardo, J. and Lee, D. S. (2004). Economic impacts of new unionization on private sector employers: 1984–2001. *Quarterly Journal of Economics*, 119(4):1383–1441

Disability benefits (April 10)

- **Maestas, N., Mullen, K. J., and Strand, A. (2013). Does disability insurance receipt discourage work? using examiner assignment to estimate causal effects of ssdi receipt. *The American Economic Review*, 103(5):1797–1829

Family leave (April 12)

- **Rossin-Slater, M., Ruhm, C. J., and Waldfogel, J. (2013). The effects of california’s paid family leave program on mothers’ leave-taking and subsequent labor market outcomes. *Journal of Policy Analysis and Management*, 32(2):224–245

Changing Nature of Work (April 17)

- **Atalay, E., Phongthientham, P., Sotelo, S., and Tannenbaum, D. (2020). The evolution of work in the united states. *American Economic Journal: Applied Economics*, 12(2):1–34
- Seabrook, J. (2019). The age of robot farmers. *The New Yorker*, 8