

Economics 633(L01) Labour Economics

Instructor: Alex Whalley
Email: alexander.whalley@ucalgary.ca

Lecture Location: ONLINE
Lecture Days/Time: WF 11:00-12:15

Office: SS 406
Office Hours: Wednesday 1-3pm (zoom link to be provided)

Teaching Assistant: TBA

Fall 2020

Course Description:

This course aims to acquaint students with traditional and contemporary topics in labor economics and to encourage the development of independent research interests. Topics include human capital, general and specific training, inequality, externalities, innovation and local labor markets. A detailed outline will be provided on the first day of class.

Course Objectives/Learning Outcomes:

Be able to understand the determinants of labor market outcomes.
Be able to utilize applied econometrics to understand the functioning of labor markets.

Prerequisites/corequisites:

Economics 301 or equivalent

Please Note: In planning this course, I assume students are familiar with Stata and Matlab, or equivalent is required. A programming tutorial will not be provided.

Required Textbook(s):

Acemoglu, Daron and David Autor *Lectures in Labor Economics* <https://economics.mit.edu/files/4689>

Recommended Textbook(s):

Labor Economics, Pierre Cahuc and André Zylberberg, The MIT Press, 2004.

Reading List:

I. Human Capital: Introduction

AA Chapter 1

J. Mincer, Schooling, Experience, and Earnings, New York: NBER, 1974.

G. Becker, Human Capital, 3rd Edition, Chicago: University of Chicago press, 1993.

R.J. Willis, "Wage Determinants," Chapter 10 in *The Handbook of Labor Economics*, volume 1, 1987.

Ben-Porath, Yoram (1967). "The Production of Human Capital Over the Life Cycle," *Journal of Political Economy*, Vol. 75, No. 4-1, pp. 352-365.

R.J. Willis, and Sherwin Rosen, "Education and Self-Selection," *Journal of Political Economy*, 87[5] Part 2, Oct 1979: S7-S36.

Gary Solon "Intergenerational Income Mobility in the United States" *American Economic Review* Vol. 82, No. 3 (Jun., 1992), pp. 393-408

Cameron, S., and C. Taber (2004), "Estimation of Educational Borrowing Constraints Using Returns to Schooling", *The Journal of Political Economy*, 112, 132-182.

Z. Griliches, "Estimating the Returns to Schooling: Some Econometric Problems," *Econometrica*, January 1977.

D. Card, "Estimating the Return to Schooling: Progress on Some Persistent Econometric Problems." *Econometrica* 69 (September 2001).

II. Human Capital: Signaling and Sorting

AA Chapter 2

Lang, Kevin, and David Kropp (1986), "Human Capital Versus Sorting: The Effects of Compulsory Attendance Laws," *Quarterly Journal of Economics* 101, 609-624.

Tyler, John, Richard J. Murnane and John Willett, "Estimating the Labor Market Signaling value of the GED," *Quarterly Journal of Economics*, May 2000.

P. Martorell and D. Clark, "The Signaling Value of a High School Diploma," *Journal of Political Economy*, 122[2], April 2014.

III. Human Capital: Externalities and Peer Effects

AA Chapter 3

Acemoglu, Daron (1996) "A Microfoundation for Social Increasing Returns in Human Capital Accumulation," *Quarterly Journal of Economics* 111 [3], 779-804.

Lazear, Edward P. (2001) "Educational Production" *Quarterly Journal of Economics*, 116(3), 777-803.

Manski, C. (1993). "Identification of Endogenous Social Effects: The Reflection Problem." *Review of Economic Studies*, 60(3), 531-542.

Sacerdote, Bruce (2001) "Peer Effects with Random Assignment: Results from Dartmouth Roommates" *Quarterly Journal of Economics*, 116, 681-704.

Mas, Alex and Enrico Moretti (2009) "Peers at Work" *American Economic Review*, vol. 99(1), pages 112-45, March.

Carrell, S. E., Sacerdote, B. I. and West, J. E. (2013), From Natural Variation to Optimal Policy? The Importance of Endogenous Peer Group Formation. *Econometrica*, 81: 855–882

Cornelissen, Thomas, Christian Dustmann, and Uta Schönberg (2016) "Peer Effects in the Workplace", *American Economic Review*, 107, 425-456.

Waldinger, Fabian (2012) "Peer Effects in Science – Evidence from the Dismissal of Scientists in Nazi Germany," *Review of Economic Studies*, 79(2): 838-861.

IV. Local Labor Markets and Neighborhoods

Rosen, Sherwin. 1979. "Wage-based indexes of urban quality of life." In Peter Miezowski and Mahlon R. Straszheim, eds., *Current Issues in Urban Economics*. Baltimore: Johns Hopkins University Press.

Roback, Jennifer. 1982. "Wages, Rents and the Quality of Life." *Journal of Political Economy* 90(6):1257-1278.

Moretti, Enrico (2011) "Local Labor Markets" *Handbook of Labor Economics*, Chapter 14.

Glaeser, Edward L. and Joshua D. Gottlieb (2009) "The Wealth of Cities: Agglomeration Economies and Spatial Equilibrium in the United States," *Journal of Economic Literature*, vol. 47(4): 983-1028, December.

Moretti, Enrico (2004) Workers' Education, Spillovers, and Productivity: Evidence from Plant-Level Production Functions, *American Economic Review*, 94(3) June.

Kantor, Shawn and Alexander Whalley (2014) "Knowledge Spillovers from Research Universities: Evidence from Endowment Value Shocks," *Review of Economics and Statistics*, 96:1, 171-188

Sandra E. Black (1999) "Do Better Schools Matter? Parental Valuation of Elementary Education," *Quarterly Journal of Economics*, 114(2): 577–599

Card, David, Alex Mas and Jesse Rothstein (2008) Tipping and the Dynamics of Segregation," *Quarterly Journal of Economics*, 123(1), 2008

Diamond, Rebecca (2016) "The Determinants and Welfare Implications of US Workers' Diverging Location Choices by Skill: 1980-2000" *American Economic Review*, 106(3): 479-524.

Dustmann, Christian, Jan Stuhler, Uta Schönberg (2016) "Labor Supply Shocks, Native Wages, and the Adjustment of Local Employment", *Quarterly Journal of Economics*, 132, 435-483.

V. Training Investments and Learning

AA chapters 8 and 9

Becker, Gary (1964). "Human Capital." Chicago: The University of Chicago Press

Autor, David H. (2001) "Why do Temporary Help Firms Provide Free General Skills Training?", *Quarterly Journal of Economics*, Vol. 116, No. 3, pp. 1409-1448. (M)

Jovanovic, Boyan (1979). "Firm Specific Capital and Turnover," *Journal of Political Economy*, 1246-1260.

Altonji, Joseph and R. Shaktoko (1987). "Do Wages Rise With Seniority?" *Review of Economic Studies*, 54, 1987, 437-459.

Jacobson, Louis, Robert LaLonde and Daniel Sullivan (1993). "Earning Losses of Displaced Workers," *American Economic Review*, vol. 83, pp. 685-709.

Joseph G. Altonji Charles R. Pierret (2001) "Employer Learning and Statistical Discrimination," *Quarterly Journal of Economics*, 116(1), February: 313–350.

Fabian Lange and Lisa Kahn (2014) "Learning about Employee and Employer Learning: Dynamics of Performance and Wage Measures", *Review of Economic Studies* 81(4): 1575-1613.

Bowlus, A., & Robinson, C. (2012). "Human Capital Prices, Productivity, and Growth," *American Economic Review*, 102(7), 3483-3515.

VI. Moral Hazard and Contracts

AA chapter 4,5

Lazear, Edward (2000). "Performance Pay and Productivity". *American Economic Review*. 90: 1346–1361.

Oyer, Paul (2001) "Fiscal year ends and nonlinear incentive contracts: The effect on business seasonality," *Quarterly Journal of Economics* 113 (1), 149-185.

Bandiera, Oriana and Barankay, Iwan and Rasul, Imran (2009) "Social connections and incentives in the workplace: evidence from personnel data," *Econometrica*, 77 (4). 1047-1094. ISSN 0012-9682

Nicholas Bloom & James Liang & John Roberts and Zhichun Jenny Ying, 2015. "Does Working from Home Work? Evidence from a Chinese Experiment," *Quarterly Journal of Economics*, 130(1): 165-218.

VII. Inequality

C. Goldin and R. Margo, "The Great Compression: The Wage Structure in the United States at Mid-century," *Quarterly Journal of Economics*, February 1992

W. Kopczuk, E. Saez, and J. Song, (2010) "Earnings Inequality and Mobility in the United States: Evidence From Social Security Data Since 1937," *Quarterly Journal of Economics*, 125(1), February.

Katz, Lawrence, Murphy, Kevin (1992) "Changes in relative wages: supply and demand factors" *Quarterly Journal of Economics*, 107(1): 35–78.

Card, David and Thomas Lemieux (2001) "Can Falling Supply Explain the Rising Return to College for Younger Men? A Cohort-Based Analysis" *Quarterly Journal of Economics*, 116(2): 705–746

David H. Autor, Frank Levy, Richard J. Murnane; (2013) "The Skill Content of Recent Technological Change: An Empirical Exploration," *Quarterly Journal of Economics*, 118(4): 1279–1333.

Autor, David H., Katz, Lawrence F., Kearney, Melissa S. (2008) "Trends in US wage inequality: re-assessing the revisionists," *Review of Economics and Statistics*, 90 (2): 300–323.

Beaudry, Green and Sand (2016) "The great reversal in the demand for skill and cognitive tasks," *Journal of Labor Economics*, 34 (S1), S199-S247.

Akerman, Gaarder and Mogstad (2015) "The Skill Complementarity of Broadband Internet", *Quarterly Journal of Economics*, 130(4), 1781-1824.

Autor, David (2015) "Why Are There Still So Many Jobs? The History and Future of Workplace Automation," *Journal of Economic Perspectives* 29 (Summer 2015), 3-30.

Card, David, Pat Kline and Joerg Heining (2013) "Workplace Heterogeneity and the Rise of West German Wage Inequality" *Quarterly Journal of Economics*, 128 (August): 967-1015.

Chetty, Raj, Pat Kline Nathan Hendren, and Emmanuel Saez (2014) "Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States," *Quarterly Journal of Economics*, 129 (November): 1553-1623.

Autor, David, David Dorn and Gordon Hanson (2013) "The China Syndrome: Local Labor Market Effects of Import Competition in the United States" *American Economic Review*, 2013, 103(6), 2121–2168.

Autor, David H., David Dorn and Gordon Hanson (2016) "The China Shock: Learning from Labor Market Adjustment to Large Changes in Trade" *Annual Review of Economics*, 2016, 8, 205–240.

Karabarbounis, Loukas and Brent Neiman (2013) "The Global Decline of the Labor Share," *Quarterly Journal of Economics*, 129(1), 61-103.

David Autor, David Dorn, Lawrence F. Katz, Christina Patterson, and John Van Reenen "The Fall of the Labor Share and the Rise of Superstar Firms," MIT Working Paper, May 2, 2017.

VIII. Presentations

Online Delivery:

This course will be delivered online. Students are expected to be able to participate online in accordance with this Course Outline. Lectures, assignments, office hours, exams, readings and other course material, etc. all require online access and this access is the responsibility of the student. The instructor will make an effort to provide reasonable accommodations and flexibility as circumstances require. Students are expected to raise with the instructor at the beginning of the semester any potential concerns that require such accommodations.

In order to remotely participate in online courses, students will need to have: computer with a current and updated operating system (macOS or Windows will work with all university-supported online learning technologies), a current and updated web browser installed – the latest versions of Firefox, Safari, Chrome or Edge will help to avoid compatibility issues, secure and reliable internet, microphone / headphones, webcam (optional), scanner (or camera to scan your work).

Desire2Learn:

This course will make use of the Desire2Learn (D2L) platform. Students who are registered in the course can log on at <http://d2l.ucalgary.ca> through their student centre. Please note that D2L features a class e-mail list that may be used to distribute course-related information. These e-mails go to your University of Calgary e-mail addresses only.

Lectures:

Lectures will be delivered online at the Registrar scheduled times and delivered using ZOOM. The lectures will be recorded and subsequently posted to D2L.

Grade Determination/Assessments:

Assignments:	10%
Research Proposal	30%
Presentations:	20%
Final Exam (Registrar Scheduled)	40%

Grade Determination and Final Examination Details

Department of Economics Criteria for Letter Grades. Economics professors use the following criteria when assigning letter grades:

Grade	Grade Point Value	Description
A+	4.00	Outstanding
A	4.00	Excellent-superior performance, showing-comprehensive understanding of subject matter
A-	3.70	Very good performance
B+	3.30	Good performance
B	3.00	Satisfactory performance
B-	2.70	Minimum pass for students in the Faculty of Graduate Studies
C+	2.30	All grades below "B-" are indicative of failure at the graduate level and cannot be counted toward Faculty of Graduate Studies course requirements. Individual programs may require a higher passing grade.

Tests and final exams are marked on a numerical (percentage) basis, then converted to letter grades.

A passing grade on any particular component of the course is not required for a student to pass the course as a whole.

The final examination will be take-home, comprehensive, and scheduled by the Registrar. Students will download the exam from D2L, complete the exam, scan it, and submit using Dropbox in D2L. Student will have 50% more time to complete the exam, at a time of their choosing, within the 24-hour period that begins 24 hours before the end date of the Registrar's scheduled final exam for this course. The exam is designed and intended to be completed in two hours. The exam will be open book.

Non-programmable calculators **WILL** be allowed during the writing of tests or final examinations.

Tests and exams **WILL NOT** involve multiple choice questions.

Reappraisal of Grades and Intellectual Honesty:

For reappraisal of graded term work, see Calendar I.2

<http://www.ucalgary.ca/pubs/calendar/current/i-2.html>

For reappraisal of final grade, see Calendar I.3

<http://www.ucalgary.ca/pubs/calendar/current/i-3.html>

ACADEMIC MISCONDUCT

Academic Misconduct refers to student behavior that compromises proper assessment of students' academic activities and includes: cheating; fabrication; falsification; plagiarism; unauthorized assistance; failure to comply with an instructor's expectations regarding conduct required of students completing academic assessments in their courses; and failure to comply with exam regulations applied by the Registrar.

Student committing academic misconduct during the final exam will not receive a passing grade on the course.

For information on the Student Academic Misconduct Policy and Procedure please visit:

<https://ucalgary.ca/policies/files/policies/student-academic-misconduct-policy.pdf>

<https://ucalgary.ca/policies/files/policies/student-academic-misconduct-procedure.pdf>

Additional information is available on the Academic Integrity Website at <https://ucalgary.ca/student-services/student-success/learning/academic-integrity>.

Academic Accommodations:

Students seeking an accommodation based on disability or medical concerns should contact Student Accessibility Services; SAS will process the request and issue letters of accommodation to instructors. Students who require an accommodation in relation to their coursework based on a protected ground other than disability should communicate this need in writing to their Instructor. The full policy on Student Accommodations is available at <http://www.ucalgary.ca/policies/files/policies/student-accommodation-policy.pdf>.

Freedom of Information and Protection of Privacy (FOIP) Act:

Personal information is collected in accordance with FOIP. Assignments can only be returned to the student and will be accessible only to authorized faculty and staff. For more information, see

<http://www.ucalgary.ca/legalservices/files/legalservices/faq-students.pdf> and

http://www.ucalgary.ca/legalservices/files/legalservices/faq-faculty_0.pdf.

Internet and Electronic Communication Device information:

The use of cell phones for any purpose in class is prohibited. Computers and tablets may be used for note taking only unless otherwise authorized by the instructor.

Copyright Legislation:

See the University of Calgary policy on Acceptable Use of Material Protected by Copyright at www.ucalgary.ca/policies/files/policies/acceptable-use-of-material-protected-by-copyright.pdf.

Students who use material protected by copyright in violation of this policy may be disciplined under the Non-Academic Misconduct Policy.

Recording of Lectures:

Recording of lectures is prohibited, except for audio recordings authorized as an accommodation by SAS or an audio recording for individual private study and only with the written permission of the instructor.

Any unauthorized electronic or mechanical recording of lectures, their transcription, copying, or distribution, constitutes academic misconduct. See <https://www.ucalgary.ca/pubs/calendar/current/e-6.html>.

Important Dates:

Please check: <http://www.ucalgary.ca/pubs/calendar/current/academic-schedule.html>

Student Organizations:

Faculty of Grad Studies website: <http://grad.ucalgary.ca/home>

Graduate Students Association: <http://gsa.ucalgary.ca/>

Professional Development for Grad Students

Workshops and resources can be found at <http://www.ucalgary.ca/mygradskills/>

Economics Graduate Association: <http://econ.ucalgary.ca/ega/>

Student Support and Resources:

- See <https://www.ucalgary.ca/registrar/registration/course-outlines> for information on campus mental health resources, the Student Ombuds' Office, Student Success Centre, Safewalk, and Emergency Evacuation and Assembly.
- Online writing resources are available at <https://ucalgary.ca/student-services/student-success/writing-support>.
- For registration (add/drop/swap), paying fees and assistance with your Student Centre, contact Enrolment Services at 403-210-ROCK [7625] or visit them in the MacKimmie Library Block.

Notes:

Students are responsible for all assigned material, e.g., supplementary material posted on D2L, regardless of whether or not the material was covered in class.

AW

2020-08-13