

Economics 633(L01) (Labour Economics)

Instructor: Alex Whalley

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Lecture Location: SS 423

Lecture Days/Time: MF 12:30-1:45

Office: SS 406

Office Hours: Monday 2-4pm or by appointment

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

n/a

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.

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.

Course Requirements/Assessments:

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

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

Kantor, Shawn and Alexander Whalley (2019) "Research Proximity and Productivity: Long-Term Evidence from Agriculture," *Journal of Political Economy*, 127(2),

Moretti, Enrico (2019) "The Effect of High-Tech Clusters on the Productivity of Top Inventors" NBER working paper 26270, <https://www.nber.org/papers/w26270>

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.

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.

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. Shakotko (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. Inequality – Demand and Supply

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. Kopeczuk, 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

Khana, Gaurav (2020) "Large-scale Education Reform in General Equilibrium: Regression Discontinuity Evidence from India" Working paper, UCSD: <http://www-personal.umich.edu/~gkhanna/JMP.pdf>

VII. Inequality – Tasks and Technology

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), 3-30.

Acemoglu, Daron and Pascual Restrepo (2020) “Robots and Jobs: Evidence from US Labor Markets”, *Journal of Political Economy*, 128(6), June.

VIII. Inequality – Firms, Labor Share and Market Structure

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.

Kline, Pat; Neviana Petkova, Heidi Williams, and Owen Zidar (2019) Who Profits from Patents? Rent Sharing at Innovative Firms *Quarterly Journal of Economics*, 134: 1343–1404.

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.

IX. Inequality – Trade

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.

Borusyak, Kirill, Peter Hull and Xavier Jaravel (2019)” Quasi-Experimental Shift-Share Research Designs” Working Paper, https://6cd96a90-e111-4c99-bb2c-0fdc17ec7c2d.filesusr.com/ugd/bacd2d_d807ca92264e41d88fd9b914dc8aadfb.pdf

Caliendo, Lorenzo, Maximiliano Dvorkin and Fernando Parro (2019) “Trade and Labor Market Dynamics: General Equilibrium Analysis of the China Trade Shock” *Econometrica*, (2019) 87(3): 741–835,

X. Bargaining and Frictions

Kline, Patrick, Neviana Petkova, Heidi Williams and Owen Zidar (2019) “Who Profits from Patents? Rent-Sharing at Innovative Firms “*Quarterly Journal of Economics*, Volume 134, Issue 3, August 2019

Jager, Simon, Benjamin Schoefer, Samuel Young and Josef Zweimuller (2020) “Wages and the Value of Nonemployment,” *NBER workers paper* 25230.

Caldwell, Sydnee and Nikolaj Harmon (2019) “Outside Options, Bargaining and Wages: Evidence from Coworker Networks,” *MIT working paper*.

XI. Mangers and Contracts

Bloom, Nick and John Van Reenen (2007) “Measuring and Explaining Management Practices Across Firms and Countries” *Quarterly Journal of Economics*, November 2007.

Giorcelli, Michela (2019) The Long-Term Effects of Management and Technology Transfers *American Economic Review*, 109(1): 121-55, 2019

Waldinger, Fabian, Kilian Huber and Volker Lindenthal (2020) “Discrimination, Managers, and Firm Performance: Evidence from "Aryanizations" in Nazi Germany”, Working Paper, https://1c0cf352-4cf7-4608-8745-120663733508.filesusr.com/ugd/0d0a02_feed6caa11049538723f6589964de4b.pdf

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.

XII. Presentations

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.

Grade Determination and Final Examination Details

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.

There will be a Registrar scheduled final examination, held in a classroom, lasting 2 hours.

Department of Economics Criteria for Letter Grades.

Economics professors use the following criteria when assigning letter grades:

Grade	Grade Point Value	Description	Grade	Grade Point Value	Description
A+	4.00	Outstanding	C+	2.30	
A	4.00	Excellent-superior performance, showing-comprehensive understanding of subject matter	C	2.00	Satisfactory – basic understanding of the subject matter
A-	3.70		C-	1.70	Receipt of a grade point average of 1.70 may not be sufficient for promotion or graduation. (See individual undergraduate faculty regulations.)
B+	3.30		D+	1.00	
B	3.00	Good – clearly above average performance with knowledge of subject matter generally complete.	D	1.00	Minimal pass – marginal performance; generally insufficient preparation for subsequent courses in the same subject.
B-	2.70		F	0	Fail – unsatisfactory performance or failure to meet course requirements
			I	0	Incomplete – unsatisfactory (effective January 2007)

Grading Scale

A+	97 – 100	B	83 – 86	C-	70 – 72
A	93 – 96	B-	80 – 82	D+	66 – 69
A-	90 – 92	C+	77 – 79	D	60 – 65
B+	87 – 89	C	73 – 76	F	0 – 59

Tests and final exams are marked on a numerical (percentage) basis, then converted to letter grades. The course grade is then calculated using the weights indicated above.

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

There will be a Registrar scheduled final examination, held in a classroom, lasting 2 hours. 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:

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 for the course.

For information on the Student Academic Misconduct Policy, Procedure and Academic Integrity, please visit: <https://www.ucalgary.ca/pubs/calendar/current/k-3.html>

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

<https://www.ucalgary.ca/legal-services/university-policies-procedures/accommodation-students-disabilities-procedure>

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 <https://www.ucalgary.ca/legal-services/access-information-privacy>

Copyright Legislation:

See the University of Calgary policy on Acceptable Use of Material Protected by Copyright at <https://www.ucalgary.ca/legal-services/university-policies-procedures/acceptable-use-material-protected-copyright-policy> Students who use material protected by copyright in violation of this policy may be disciplined under the Non-Academic Misconduct Policy.

Course materials created by instructors (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the instructor. These materials may NOT be reproduced, redistributed or copied without the explicit consent of the instructor. The posting of course materials to third party websites such as note-sharing sites without permission is prohibited. Sharing of extracts of these course materials with other students enrolled in the course at the same time may be allowed under fair dealing.

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 Tower.