

Dartmouth College  
Department of Economics  
Spring 2004

**Economics 27 – Labor Economics**

Professor Parama Chaudhury  
305 Rockefeller Hall  
Phone: 646-0893  
Email: [Parama.Chaudhury@dartmouth.edu](mailto:Parama.Chaudhury@dartmouth.edu)

Office Hours:  
Monday: 3-4pm  
Thursday: 1-2pm  
or by Appointment

**Course Description:** This course is an introduction to labor economics, and is for the most part, an application of microeconomic theory. We will analyze questions ranging from “Why are economics Ph.D.s paid more than others?”, and “What determines the number of hotdog sellers at a ball game?”, to more serious issues like “Does affirmative action work?”, and “How can we improve America’s school system?”. We will study both the theory behind questions like these, and also look at how well real-world data matches the implications of our models.

**Readings:** The textbook is *Labor Economics* by George J. Borjas (2nd ed., 2000). Required readings are on reserve (most of them online) in the library. The articles in the optional reading list are available on-line, and the books are also on reserve in the library.

**Requirements:** There will be one in-class midterm exam and a cumulative final exam. I will also hand out *problem sets* which will serve as practice for the exams. You are required to hand these in on the day we discuss them in class; they will not be graded, but will count towards your participation grade. Finally, you will complete a project which consists of an in-class group *presentation* and an individually written policy *memo*. Class participation grades will be determined by handing in and discussion of problem sets, and by in-class discussion of required readings. The dates for the debates are noted on the schedule on the next page.

**Please note that the midterm will be held on Friday, April 30, 2004.** In general, exams may not be postponed except in the case of a **documented** emergency.

**Grading:** Your total grade will be determined as follows:-

Class participation	10%
Project	20%
Midterm exam	30%
<u>Final exam</u>	<u>40%</u>
Total	100%

**Special Needs:** If you have a learning, physical or psychiatric disability which may warrant disability-related classroom accommodations, please speak with me during the first week of classes. The Academic Skills Center in 301 Collis Center will be asked to verify that you are registered for these services.

**Lecture Schedule and Readings:**

The schedule below indicates the topic covered in each lecture. While we will cover the topics in the order shown, I may not be able to cover everything planned. The readings from the textbook are noted in the fourth column, and the other readings in the fifth. The readings marked R1-R8 are required (as long as we manage to cover the relevant topic). The optional readings (O1-O4) are to be used for the project. While you are not required to read this material, you should at least try to get a general idea of what they are saying so that you can participate in the in-class policy debate. Please note that the policy memo is due on **Wednesday, June 2<sup>nd</sup> by 4pm**. No late papers will be accepted! Guidelines for the project are laid out in a separate document.

<b>Date</b>		<b>Topic</b>	<b>Textbook Reading</b>	<b>Other Reading</b>
3/29	Monday	Introduction	Chap.1	R1
3/31	Wednesday	Basics	Chap.1 appendix, Chap. 5.1-5.2, 5.6 Chap. 4.1-4.2	R1 cont.
4/2	Friday	Labor Demand	Chap. 4.3-4.6, Chap 5.7	R2, pp.75-83
4/5	Monday	Labor Demand Contd.	Chap. 4.7-4.10	
4/7	Wednesday	Labor Demand/Supply	Chap. 4.11, Chap.2.1-2.4	R3
4/9	Friday	Labor Supply Contd. <i>Discuss Problem Set 1</i>	Chap. 2.5-2.11	
4/12	Monday	Labor Supply Contd.	Chap. 3.1-3.6	R4
4/14	Wednesday	Compensating Differentials	Chap. 6.1-6.4	
4/16	Friday	Comp. Diffs/ Human Capital <i>Discuss Problem Set 2</i>	Chap. 6.5, Chap.7.1-7.4	
4/19	Monday	Human Capital	Chap.7.5-7.7	R5
4/21	Wednesday	Human Capital	Chap.7.8-7.11	
4/23	Friday	Mobility <i>Discuss Problem Set 3</i>	Chap.9.1-9.11	
4/26	Monday	Pay and Productivity	Chap.12.1-12.5	
4/28	Wednesday	Midterm Review		

4/30	Friday	<b>Midterm Exam</b>		
5/3	Monday	Discrimination	Chap.10.1-10.6	
5/5	Wednesday	<b>Debate: Immigration</b>		(O1)
5/7	Friday	Discrimination Contd.	Chap.10.7-10.10	R6
5/10	Monday	Income Inequality <i>Discuss Problem Set 4</i>	Chap.8.1-8.5	
5/12	Wednesday	<b>Debate: Affirmative Action</b>		(O2)
5/14	Friday	Unemployment	Chap.13.1-13.5	R7
5/17	Monday	Unemployment/Unions <i>Discuss Problem Set 5</i>	Chap.13.6-13.10, Chap.11.1-11.2	
5/19	Wednesday	<b>Debate: School Reform</b>		(O3)
5/21	Friday	Unions	Chap.11.3-11.6	
5/24	Monday	Unions	Chap.11.7-11.8	
5/26	Wednesday	<b>Debate: Income Inequality</b>		(O4)
5/28	Friday	Arbitration	Chap.11.9	R8
5/30	Monday	Arbitration <i>Discuss Problem Set 6</i>		
6/2	Wednesday	Final Review <b>Policy Memo due by 4pm</b>		

**Readings**

Richard Freeman, “It’s Better Being an Economist (But Don’t Tell Anyone)” (R1)

Lawrence M. Kahn, “Sports Business as a Labor Market Laboratory” (R2)

Gerald Oettinger, “An Empirical Analysis of the Daily Labor Supply of Stadium Vendors” (R3)

David Card and Alan B. Krueger, "Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania," (R4)

Patricia M. Anderson, “Where the Boys No Longer Are: Recent Trends in U.S. College Enrollment Patterns” (R5)

Marianne Bertrand and Sendhil Mullainathan, “Are Emily and Brendan More Employable than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination,” (R6)

Carl Campbell and Kunal Kamani, "The Reasons for Wage Rigidity: Evidence from a Survey of Firms," (R7)

Paul L. Burgess and Daniel R. Marburger, "Do Negotiated and Arbitrated Salaries Differ Under Final-Offer Arbitration," (R8)

*The following readings are relevant for the **class project**. You are not required to know all the material below if you are not part of the group presenting that day, but you should understand the main points in these, so that you can ask the presenters questions (remember, your class participation grade will be affected by this). Please read the project guidelines for further details:*

(O1) Rachel M. Freidberg and Jennifer Hunt, “The Impact of Immigrants on Host Country Wages, Employment and Growth”, *Journal of Economic Perspectives*, Spring 1995, pp. 23– 44.

(O2) Jonathan S. Leonard, “The Impact of Affirmative Action Regulation and Equal Employment Law on Black Employment”, *Journal of Economic Perspectives*, Vol. 4, no.4, Fall 1990, pp.47-63

(O3) David Card and Alan B. Krueger, “School Resources and Student Outcomes: An Overview of the Literature and New Evidence from North and South Carolina” *Journal of Economic Perspectives*, Fall 1996, pp. 31 – 50.

(O4) Peter Gottschalk, “Inequality, Income Growth and Mobility: the Basic Facts”, *Journal of Economic Perspectives*, vol.11, no.2, Spring 1997, pp. 21 – 40.