

University of Colorado at Boulder
Department of Economics

Prof. Brian Cadena
brian.cadena@colorado.edu

Economics 8686: Graduate Labor 2, Spring 2009

Class Presentations will occur at various times throughout the semester. You are encouraged to work in groups of up to three students. You will present a paper from the reading list that we do not discuss in class for approximately 45 minutes. In the first 25-30 minutes, you will present the research as if it were your own, detailing the motivation, methodology, and results of the paper. In the remaining time, you will critique the paper and provide suggestions for how the paper could have been improved.

Research Proposal: The goal of this course is to train you to be able to perform original research within Labor Economics. To that end, you will write a brief (5 pages) description of a research project you would hope to pursue. The project need not relate to the topics we discuss in class. It could be based on material from 8676, or from a portion of Labor Economics beyond the scope of either course. The best proposals will be quite specific, detailing the motivation, data sources, methods and expected findings. The proposals should make good summer projects

The Midterm will cover the material on immigration and part of the material on discrimination. It is tentatively scheduled for March 12 during the regular class meeting time, although we may move the exam depending on how quickly we progress through the material.

The Final Exam will cover all of the material learned in the course. Our assigned time from the Registrar is 4:30-7:00 PM on Saturday, 5/2/2008. University policy provides students with three or more exams on the same day the right to reschedule exams following the first two.¹ Any student wishing to invoke this right should notify me as soon as possible and no later than February 28.

Seminar Series: You are strongly encouraged to attend the seminar series, especially when the speaker presents on an applied micro topic. Learning to conduct and present original research is the key to your success in the discipline. These seminars are an excellent resource for you in that endeavor.

Final letter grades will be determined based on your cumulative performance relative to the scores a good student at this level could reasonably be expected to attain.

Late Assignments/ Missed Examinations Policy:

Referee Reports and the Research Proposals will be due by 5:00 PM on their due dates. Following a 5 minute grace period, I will deduct 25 percent from each assignment for each day it is late. Assignments submitted more than 3 days after the due date will receive no credit.

If you miss the midterm or the final exam you will receive no credit unless you provide documentation of a medical or family emergency. In the case of a legitimate emergency, the missed quiz or exam will be given no weight in the calculation of the final grade and other assignments will be reweighted accordingly. There will be no make-up exams. If you foresee any conflict that will prevent you from taking an exam, please let me know as soon as possible and at least two weeks beforehand.

¹ http://www.colorado.edu/policies/final_exam.html

Tentative Schedule

| Topic | Tentative Dates |
|--|------------------|
| Introduction | 1/13 |
| Immigration and Migration | |
| Immigration and Native Wages – Natural Experiments | 1/16, 1/20 |
| Basic Theories of Labor Demand | 1/22, 1/27 |
| Labor Demand Application: Immigration and Native Wages – Competing Estimates | 1/29, 2/3, 2/5 |
| Individual Migration Decision – Roy Model and Applications | 2/10, 2/12 |
| Discrimination | |
| Models of Discrimination | 2/17, 2/19 |
| Blinder-Oaxaca and its limitations | 2/24, 2/26 |
| Other Empirical Estimates of Discrimination | 3/3, 3/5, 3/10 |
| MIDTERM EXAM | 3/12 |
| Unions | |
| What do Unions Do? | 3/17, 3/19 |
| Union Formation and Firm Survival | 3/31 |
| Unionization and Inequality | 4/2 |
| The Minimum Wage | |
| Models of the Minimum Wage | 4/7, |
| Empirical Analysis of the Minimum Wage | 4/9, 4/14, 4/16 |
| Pay Structure and Worker Performance (Incentives) | |
| Theoretical Overview | 4/21, 4/23 |
| Evaluation of Piece Rates and Bonuses | 4/28, 4/30 |
| FINAL EXAM | 5/5 4:30-7:00 PM |

Reading List

The reading list is subject to revision prior to the start of each main topic, but it will give you an idea of the workload required for the class. Papers with *** after them will be presented by students as part of the assigned presentations.

1. Immigration and Migration

a. Immigration and Native Wages – Natural Experiments

- Card, D. The Impact of the Mariel Boatlift on the Miami Labor Market, *Industrial and Labor Relations Review*, Jan., 1990, 43, 245-257
- Angrist, J. and Krueger, A., Empirical Strategies in Labor Economics *Handbook of Labor Economics*, 1999, 1296-1299, 1326-1329
- Friedberg, R. M., The Impact of Mass Migration on the Israeli Labor Market, *The Quarterly Journal of Economics*, Nov., 2001, 116, 1373-1408

b. Basic Theory of Labor Demand

- Lecture Notes
- Hamermesh, D., The demand for labor in the long run, *Handbook of Labor Economics*, 1986, 429-471

c. Application: Immigration and Native Wages – Competing Estimates

- Altonji, J. & Card, D. in Abowd, J. & Freeman, R. (Ed.) *The Effect of Immigration on the Labor Market Outcomes of Less-Skilled Natives, Immigration, Trade, and the Labor Market*, University of Chicago Press, 1991, 201-234
- Borjas, G.; Freeman, R. B. & Katz, L. F., How Much Do Immigration and Trade Affect Labor Market Outcomes? *Brookings Papers on Economic Activity*, The Brookings Institution, 1997, 1-90
- Card, D., Immigrant Inflows, Native Outflows, and the Local Market Impacts of Higher Immigration, *Journal of Labor Economics* 2001, 19, 22-64
- Borjas, G. J. The Labor Demand Curve is Downward Sloping: Reexamining the Impact of Immigration on the Labor Market *The Quarterly Journal of Economics* 2003, 118, 1335-1374
- Card, D. & DiNardo, J., Do Immigrant Inflows Lead to Native Outflows? *The American Economic Review* 2000, 90, 360-367
- Borjas, G. J. & Tirole, J. J. The Impact of Immigration on the Labor Market *The Quarterly Journal of Economics* 2003, 118, 1335-1374

- Becker, G. The Economics of Discrimination University Of Chicago Press, 1971
- Aigner, D. J. & Cain, G. G., Statistical theories of discrimination in labor markets,

- DiNardo, J.; Fortin, N. & Lemieux, T., Labor Market Institutions and the Distribution of Wages: A Semiparametric Approach
Econometrica, 1996, 64, 1001-1044

4. Minimum Wage

a. Models of the Minimum Wage

- Lecture Notes
- Brown, C. in Ashenfelter, O. C. & Card, D. (ed.)
Minimum wages, employment, and the distribution of income
Handbook of Labor Economics, 1999, 3, Part 2, 2101 - 2110

b. Empirical Implications of the Minimum Wage

- Brown, C. in Ashenfelter, O. C. & Card, D. (ed.)
Minimum wages, employment, and the distribution of income
Handbook of Labor Economics, 1999, 3, Part 2, remainder of article
- Card, D., Using Regional Variation in Wages to Measure the Effects of the Federal Minimum Wage, Industrial and Labor Relations Review, 1992, 46, 22-37
- Card, D. & Krueger, A. B., Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania, The American Economic Review, 1994, 84, 772-793
- ***Neumark, D. & Wascher, W., Minimum Wages and Employment: A

Other University Policies:

Campus policy regarding religious observances requires that faculty make every effort to deal reasonably and fairly with all students who, because of religious obligations, have conflicts with scheduled exams, assignments or required attendance. In this class, please inform me no later than two weeks prior to any conflict you foresee, sooner if possible, so that we can find an alternative arrangement for you to complete the requirements of the course. See full details at http://www.colorado.edu/policies/fac_relig.html

If you qualify for accommodations because of a disability, please submit to me a letter from Disability Services in a timely manner so that your needs be addressed. Disability Services