

Labor Economics

Economics 440
UIUC, Spring 2021

Course Summary and Objectives

This is an undergraduate course in labor economics. We will cover models and evidence on the supply, demand, and market for labor, as well as topics such as education, the economic impacts of immigration, and discrimination.

There are three primary goals of the course. First, students will learn the language used to discuss the labor market, as well as key institutional details. Second, students will develop analytical and problem solving skills using microeconomic theory, as well as calculus and statistical tools. Third, students will engage in critical thinking and quantitative reasoning in the evaluation of labor market policy.

Location and Time:

I will offer two versions of the course. They will cover the same content, complete the same assignments, and take the same exams.

Section A (TuTh 2-3:20pm): this will be a hybrid/synchronous meeting. After the first week, the Tuesday lecture will be pre-recorded and we will meet on Thursday, 2:00-3:20pm. I will record the Thursday session and distribute it to both sections.

Section B (TuTh 3:30-4:50pm): this will be a hybrid/asynchronous meeting. Exams, live review sessions, and some office hours will be held in the usual meeting times, but all lectures will be pre-recorded.

Course Webpage: access through Compass

Textbook: *Labor Economics*, George Borjas, 8th edition

The book should be available for purchase online and at the Illini Union Bookstore. Please let me know if it is out of stock.

Professor: Mark Borgschulte, markborg@illinois

Grader: Sun Lee Stechuk, stechuk2@illinois.edu

Emails: I will do my best to reply to short emails (e.g. yes/no questions) within a day. Longer questions should be brought to me immediately after lecture or in office hours.

Prerequisites:

Required: Intermediate Microeconomics, Calculus I, Introductory Statistics

Recommended: Calculus II or more, Econometrics

Grading

Assignments must be uploaded by the start of class on the due date. Late work will not be accepted; however, I will drop your lowest score(s) on the problem sets and readings.

7 Readings, drop lowest 2 scores, 2% each: 10% total

5 Problem Sets, drop lowest score, 10% each: 40% total

Midterms, 15% each: 30% total

Final: 20%

Readings: Article Summaries and Questions

There are 7 assigned Readings. Do not confuse these with Problem Set Readings, which will be covered on the problem sets and may appear on the exams, but do not require you to complete this assignment.

Please read the assigned paper before the Thursday class in the week we will discuss the article. Write a short summary (2-3 paragraphs), as well as at least 3 questions that arose while you were reading it. The assignment should fill most of one page. The first of these is due in the second lecture.

Exam Policy

You must let me know by the end of the second week of class if you have a conflict with one of the exam dates. If an emergency arises and you will miss an exam, you **must** contact me before the start of the exam, otherwise you will receive a 0 on the exam. Documentation of a legitimate medical or family emergency will be required. Provided such documentation, I will discuss the additional work required to replace the exam in the final grade calculation. **There are no makeup exams.**

Please tell me as soon as possible if you expect to need a conflict exam. Keep in mind that campus policy places the conflict exam obligation on the larger of the two lectures. The University's final exam policy is available at: http://studentcode.illinois.edu/article3_part2_3-201.html

Graduate Students

The course is open to masters-level students. Please come talk to me so I know who you are. The main additional requirement for graduate students will involve being responsible for 3 extra chapters of the book and extra exercises on the problem sets.

Statement on Accommodations

To obtain disability-related academic adjustments and/or auxiliary aids, students with disabilities must contact the course instructor and the Disability Resources Educational Services (DRES) as soon as possible. To contact DRES you may visit 1207 S. Oak Street, Champaign, call 333-4603 (V/TTY), or email a message to disability@uiuc.edu.

Academic Integrity

“The University has the responsibility for maintaining academic integrity so as to protect the quality of education and research on our campus and to protect those who depend upon our integrity. Expectations of Students. It is the responsibility of each student to refrain from infractions of academic integrity, from conduct that may lead to suspicion of such infractions, and from conduct that aids others in such infractions. Students have been given notice of this art by virtue of its publication. Regardless of whether a student has actually read this Part, a student is charged with knowledge of it. Ignorance is not a defense.”

The University’s full academic integrity policy is available at: http://studentcode.illinois.edu/article1_part4_1-401.html

Emergency Response Recommendations

The university maintains guidelines for emergency responses. A list of recommendations when to evacuate and when to find shelter are available at: http://illinois.edu/cms/2251/general_emergency_response_recommendations_8_16_13_final.docx

Floor plans for specific buildings are available at: <http://police.illinois.edu/emergencyplanning/floorplan>

Schedule

Week 1, January 26 and 28

Chapter 1

Reading: Bursztyn, Leonardo, and Robert Jensen. “How Does Peer Pressure Affect Educational Investments?” *The Quarterly Journal of Economics* 130, no. 3 (2015): 1329-1367.

Week 2, February 2 and 4

Chapter 2: Sections 2-1 through 2-7

Problem Set 1 Due on Friday

Week 3, February 9 and 11

Problem Set 1 Solutions

Chapter 2: Sections 2-8 through 2-14

Reading: Imbens, Guido W., Donald B. Rubin, and Bruce I. Sacerdote. “Estimating the Effect of Unearned Income on Labor Earnings, Savings, and Consumption: Evidence from a Survey of Lottery Players.” *American Economic Review* 91, no. 4 (2001): 778-794.

Week 4, February 16 and 18

Problem Set 2 Due on Wednesday

Chapter 3

Problem Set Reading: Autor, David. “Why are there still so many jobs? The history and future of workplace automation.” *Journal of Economic Perspectives* 29, no. 3 (2015): 3-30.

Week 5, February 23 and 25

Finish Chapter 3, Review

Midterm Exam

Week 6, March 2 and 4

Double Lecture, No Live Session on Thursday

Midterm Solutions

Chapter 4: 4-1 to 4-4

Week 7, March 9 and 11

Continue Chapter 4: Sections 4-5 through 4-7

Reading: Card, David. “The Impact of the Mariel Boatlift on the Miami Labor Market.” *ILR Review* 43, no. 2 (1990): 245-257.

Problem Set 3 Due Friday

Week 8, March 16 and 18

Problem Set 3 Solutions

Continue Chapter 4: Sections 4-8 and 4-9

Reading: Card, David, and Alan B. Krueger. "Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania." *The American Economic Review* 84, no. 4 (1994): 772-793.

Week 9, March 23 and 25

Chapter 5

Problem Set 4 Due Wednesday

Problem Set reading: Kaestner, Robert, and Darren Lubotsky. "Health Insurance and Income Inequality." *Journal of Economic Perspectives* 30, no. 2 (2016): 53-78.

Week 10, March 30 and April 1

Finish Chapter 5, Review

Midterm Exam

Week 11, April 6 and 8

Midterm Solutions

Chapter 6

Problem Set Reading: Avery, Christopher, and Sarah Turner. "Student Loans: Do College Students Borrow Too Much—Or Not Enough?." *Journal of Economic Perspectives* 26, no. 1 (2012): 165-92.

Week 12, April 13 and 15

No Pre-Recorded Lecture

Chapter 7

Reading: Clark, Damon, and Paco Martorell. "The Signaling Value of a High School Diploma." *Journal of Political Economy* 122, no. 2 (2014): 282-318.

Week 13, April 20 and 22

Chapter 9

Problem Set 5 Due Wednesday

Week 14, April 27 and 29

Reading (Tuesday): Bertrand, Marianne, and Sendhil Mullainathan. "Are Emily and Greg More Employable than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination." *American Economic Review* 94, no. 4 (2004): 991-1013.

Reading (Thursday): Kleven, Henrik, Camille Landais, and Jakob Egholt Sgaard. "Children and Gender Inequality: Evidence from Denmark." *American Economic Journal: Applied Economics*

11, no. 4 (2019): 181-209.

Week 15, May 4

Conclusion, Final Review

Key Dates

Dates subject to change. Please follow Compass for course announcements.

- Problem Set 1: Friday, February 5
- Problem Set 2: Wednesday, February 17
- Midterm 1: Thursday, February 25
- Problem Set 3: Friday, March 12
- Problem Set 4: Wednesday, March 24
- Midterm 2: Thursday, April 1
- Problem Set 5: Wednesday, April 21
- Final: TBD