Economics 76b: Labor Economics  
Fall 2013

Professor Brainerd  
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Office hours:  
Mondays,  
10:00 am - 12:00 noon

Course description:  Economics 76b provides a survey of labor economics with an emphasis on policy issues. While the course teaches the analytical tools necessary to understand how labor markets work, it is structured around a number of prominent labor market policy issues, such as immigration, inequality, minimum wages, affirmative action and the role of unions.

For example, some of the questions we will examine include:
• Why do women earn less than men?
• Do immigrants hurt the wages or employment opportunities of native workers?
• Does increasing the minimum wage increase unemployment, and thus end up hurting the people it is intended to help?
• What has caused rising wage inequality in the U.S., and should we be concerned about it?
• Why have unions declined so much in the United States?

Learning goals: The primary goal of the course is to develop your ability to study, analyze and ultimately reach informed opinions about the numerous policy questions that arise with respect to labor markets in the U.S. and other countries. To help develop this ability, we will study these policy issues drawing on economic models of labor markets, examination of the role of labor market institutions, and empirical evidence on these issues.

Specific learning outcomes: after successfully completing this course, students will be able to:
• apply and explain at an introductory level the economic models that relate to labor supply, labor demand, and labor market equilibrium
• describe how economic theory and evidence apply to and explain trends in labor force participation, hours of work, and wages
• construct, defend, and analyze important labor policy issues
• demonstrate proficiency with simple quantitative and economics tools useful in understanding labor markets and labor market institutions
• comprehend, assess, and critique existing empirical work in labor economics

Prerequisite: Economics 2a or Economics 10a

Course materials: The required text is George Borjas, Labor Economics (6th edition), which is available from the book store. (The 5th edition is acceptable as well.) Please note that we will not cover all of the material in the textbook, nor is all of the material covered in class in the textbook. Additional required readings for the course will be posted on LATTE.

Course requirements: Students will be evaluated on the basis of class participation, problem sets, debates, a midterm exam, and a final exam:
Class participation and attendance 10%
Problem sets (5) 15%
Class debates (3-4) 15%
Midterm exam (Wednesday, Oct. 30) 25%
Final exam (cumulative) 35%

**Class participation:** It is essential that you have done the readings before class and are prepared to actively participate in the class discussion about the readings. You will be graded on the quality of your comments and your ability to respectfully engage your fellow students.

**Problem sets and exams:** Five problem sets will be due during the semester, on the dates listed below. Complete problem sets must be turned in at the beginning of class on the due date. *Late problem sets will not be accepted under any circumstances, including medical emergencies, printer malfunctions, track meets, and the failure of your roommate to turn your problem set in for you.* To accommodate illness and unforeseen conflicts, I will drop the lowest score among your problem sets in the grade calculation. In other words, you must turn in four of the five problem sets; alternatively you can turn in all five problem sets and I will take the top four grades in calculating your problem set grade. The dropped grade can be used for any problem, but it is advisable to save it for medical or personal emergencies as only one grade will be dropped.

No make-up exams will be given in this course. Please note that absence from an exam will be excused ONLY for a serious illness or family emergency that is appropriately documented; otherwise a grade of zero will be assigned. There are NO EXCEPTIONS to this rule.

**Recitations:** Optional recitations will be held on Tuesdays from 7:30 to 8:30 pm in Lown 201 (except for Sept. 17, a Brandeis Thursday). The recitations will be run by our Econ 76b TA, Mitchell Schwartz, and will provide help with course material and problem sets.

**Laptop, tablet and cell phone policy:** I come to class to help you learn, and I assume that you are here because you want to learn. Using a cell phone, tablet or laptop to talk, text, email, or surf the internet is both disrespectful and distracting to me and to your fellow students. Because of this, *the use of cell phones, tablets, and laptops in class is prohibited.* If you must take a call due to an emergency situation, please leave the classroom. If you are unable to take notes without the use of a laptop, please speak to me. Recording of my lectures is prohibited unless arranged in advance with me.

**Special accommodations:** If you are a student with a documented disability on record at Brandeis University and wish to have a reasonable accommodation made for you in this class, please see me immediately. Please keep in mind that reasonable accommodations are not provided retroactively.

**Academic honesty:** You are expected to be familiar with and to follow the University’s policies on academic integrity (see http://www.brandeis.edu/studentlife/sdje/ai/). Instances of alleged dishonesty will be forwarded to the Office of Campus Life for possible referral to the Student Judicial System. Potential sanctions include failure in the course and suspension from the University. If you have any questions about my expectations, please ask. Academic dishonesty will not be tolerated.
**IMPORTANT DATES FOR ECON 76B:**

Monday, Sept. 2  
No class (Labor Day)

Wednesday, Sept. 25  
Problem set 1 due in class

Monday, Sept. 30  
Debate 1: Should the minimum wage be increased?

Wednesday, Oct. 9  
Problem set 2 due in class

Wednesday, Oct. 16  
Problem set 3 due in class

Wednesday, Oct. 30  
Midterm exam

Wednesday, Nov. 6  
Debate 2: Is inequality in the United States too high?

Monday, Nov. 18  
Debate 3: Should U.S. immigration policy be changed?

Wednesday, Nov. 13  
Problem set 4 due in class

Monday, Nov. 25  
No class (Brandeis Thursday)

Wednesday, Dec. 4  
Debate 4: Are teachers’ unions too strong?

Monday, Dec. 9  
Problem set 5 due in class
Course outline and assigned readings

I. Introduction (Wednesday, Sept. 4)
   - Borjas, Ch. 1

II. Labor supply (Monday, Sept. 9; Wednesday, Sept. 11)
   - Borjas, Ch. 2
   - Policy application: the impact of the new welfare program

III. Labor demand (Monday, Sept. 16; Wednesday, Sept. 18; Monday, Sept. 23)
   - Borjas, Ch. 3

IV. Labor market equilibrium (Wednesday, Sept. 25; Monday, Sept. 30)
   - Borjas, Ch. 4
   - Policy application: the minimum wage debate
     - “What’s a Minimum Wage Job Worth?” Wall Street Journal, April 1, 1996

V. Compensating differentials: someone has to do the dirty work (Wednesday, Oct. 2; Monday, Oct. 7)
   - Borjas, Ch. 5
   - Kevin Helliker, “They Left Professions For a True Calling as Personal Trainers,” Wall Street Journal, February 25, 1999
VI. The economics of schooling and training: does all the toil and trouble pay off?  
(Monday, Oct. 7; Wednesday, Oct. 9; Monday, Oct. 14)

- Borjas, Ch. 6  

Policy application: how effective are job training programs?

VII. The earnings distribution (Wednesday, Oct. 16; Monday, Oct. 21)

- Borjas, Ch. 7

Views on inequality

Midterm exam: Wednesday, October 30

VIII. Labor mobility (Monday, Oct. 28; Wednesday, Oct. 30; Monday, Nov. 4)

- Borjas, Ch. 8

Policy application: immigration
IX. Labor market discrimination (Wednesday, Nov. 6; Monday, Nov. 11; Wed., Nov. 13)

- Borjas, Ch. 9

Policy application: the affirmative action debate

X. Unions: what do unions really do? (Monday, Nov. 18; Wednesday, Nov. 20)

- Borjas, Ch. 10

The state of unions in the U.S.

XI Labor market contracts (Monday, Nov. 2; Wednesday, Nov. 4)

- Borjas, Ch. 11

Why do CEOs earn so much money? Should they?

Monday, December 9: Catch-up and review for the final exam