

Spring 2007  
EC 465/565, T/Th 12:00-1:50  
Economics Department  
Portland State University

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Office Hours: T/Th 1:50-2:50  
and by appointment

## **Economics 465/565: Labor Economics**

This course investigates the big questions of labor economics here and around the world: How are wages set? What causes unemployment? What is the impact of unions and minimum wages? Why are labor market outcomes so different by ethnicity and gender? What is the cause of rising earnings inequality? What is the impact of immigration? What are the causes and solutions for child labor? What is the impact of globalization on U.S. workers and workers in other parts of the world?

Each student will be expected to read all the assigned material, participate in classroom discussions, and complete the written assignments. Students' own experience and ideas are important to the course. Squaring them with the theories and data we study is a central goal.

Undergraduate grades are determined by

- 20% on short in-class quizzes
- 40% on 4 problem sets
- 30% on a final exam, and
- 10% on class participation, including in-class debates.

Regular attendance is vital for understanding the material, so attendance will be noted as part of class participation. If you need to bring your child to class, please do so. All assignments are due in class on the dates announced and will be marked down if late. It's always better to turn in an assignment late than to decide not to turn it in at all.

Do not plagiarize or engage in any other form of academic dishonesty. While I encourage you to discuss your assignments with other people, the final product must be your own, containing full citations to any work up which you draw.

## Required Reading

Bruce E. Kaufman and Julie L. Hotchkiss. 2006. *The Economics of Labor Markets*. (7<sup>th</sup> edition). On sale at PSU Bookstore. Older version on reserve in PSU library.

### WebCT:

Ehrenreich, Barbara. 2001. *Nickel and Dimed: On (Not) Getting By in America*. New York: Henry Holt and Co. (Introduction, Scrubbing in Maine, Evaluation)

Levitt, Steven D., and Stephen J. Dubner. 2005. "Why do drug dealers still live with their moms?" Chap. 3 in *Freakonomics*, New York: Harper Collins, pp. 89-114.

Bowles, Samuel, and Herbert Gintis. 2002. "The Inheritance of Inequality," *Journal of Economic Perspectives*, Vol. 16, No. 3 (Summer), pp. 3-30.

Saez, Emmanuel. 2006. "Income and welfare concentration in a historical and international perspective," in Alan J. Auerbach, David Card, John M. Quigley, eds., *Public policy and the income distribution*. New York : Russell Sage Foundation

Blau, Francine D., and Lawrence M. Kahn. 2002. "Introduction," in *At home and abroad : U.S. labor-market performance in international perspective*. New York: Russell Sage Foundation.

## Graduate students

Graduate students will complete the same work as undergraduates as well as additional problem set questions.

### Optional reading and reference:

Cahuc, Pierre, and André Zylberberg. 2004. *Labor Economics*. Cambridge, MA: MIT Press. (In PSU library)

A superb graduate text for labor economics summarizing theory and empirical research. There really wasn't a broad graduate-level summary of labor economics before – this sets a very high standard. Check here for more depth on any topic covered in the course.

## Course Outline and Readings

<b>1</b>	<b>4/3</b>	Introduction and Overview: Kaufman, Chapter 1 (pp. 1-26)
<b>2</b>	<b>4/5</b>	Labor Supply: Kaufman, Chapter 2 (pp. 44-93)
<b>3</b>	<b>4/10</b>	Ehrenreich <i>Nickel and Dimed</i>
<b>4</b>	<b>4/12</b>	Problem Set 1 due
<b>5</b>	<b>4/17</b>	Labor Force Participation: Kaufman, Chapter 3 (pp. 114-130, 138-156)
<b>6</b>	<b>4/19</b>	Labor Demand (Short Run): Kaufman, Ch 4 (pp. 172-185, 191-196, 209-215)
<b>7</b>	<b>4/24</b>	Labor Demand (Long Run): Kaufman, Chapter 5 (pp. 219-246)
<b>8</b>	<b>4/26</b>	Problem Set 2 due
<b>9</b>	<b>5/1</b>	Wage Determination & Minimum Wage: Kaufman, Chapter 6 (pp. 263-295)
<b>10</b>	<b>5/3</b>	Human Capital: Kaufman, Chapter 7 (pp. 326-368, 374-379)
<b>11</b>	<b>5/8</b>	Compensating Differentials: Kaufman, Ch 8 (pp. 397-403), Levitt and Dubner
<b>12</b>	<b>5/10</b>	Problem Set 3 due
<b>13</b>	<b>5/15</b>	Discrimination: Kaufman, Chapter 8 (pp. 419-429, 438-439), Chapter 9 (447-501)
<b>14</b>	<b>5/17</b>	Unions: Kaufman, Chapter 11 (558-581), Chapter 12 (pp. 626-652)
<b>15</b>	<b>5/22</b>	Unemployment and Inequality: Kaufman, Chapter 13 (666-698), Bowles and Gintis
<b>16</b>	<b>5/24</b>	Problem Set 4 due
<b>17</b>	<b>5/29</b>	Income distribution: Saez
<b>18</b>	<b>5/31</b>	Industrialized-country low-wage workers: Blau and Kahn