

ECON 4150 Spr24 Labor Economics

Class Meeting Times Monday and Wednesday 2:00PM – 3:15PM in Monroe Hall 118

Section Time Monday 5-5:50pm or 6-6:50pm in New Cabell Hall 167

Emma Harrington, Ph.D., Assistant Professor

Instructor

Office Hours: Tuesday 2-4pm, or by appointment

Email: dre7cf@virginia.edu (Please include ECON 4150 in the subject line.)

Pallavi Watts

Teaching Assistant

Office Hours: Thursday 9:30am-12:30pm

Email: dqc3ra@virginia.edu (Please include ECON 4150 in the subject line.)

Course Description

What can economics teach us about labor markets and the future of work? This course will use microeconomics and econometrics to tackle questions such as: What is the return to a college degree (and to an economics major)? What tasks can robots replace and what tasks do they complement? Who is setting workers' wages: is it their employer, unions, government policies, or the market? Throughout, we will dive into the business implications of these analyses and ask: How should businesses think about valuing workers' inputs, building workers' skills, and setting workers' wages and incentives? If you want to know the answer to these and many other questions about labor markets and personnel policies, this is the course for you.

Course Materials

Required Book: Ehrenberg, Ronald and Robert Smith. 2009. *Modern Labor Economics*, 11th Edition. New York, NY: Addison-Wesley.

Online Harvard Business Review Coursepack: Use the following link to get the Harvard Business Review Coursepack: <https://hbsp.harvard.edu/import/1137630>

Grading Criteria

Final course grades will be assessed based on performance in the following activities:

	Dropped Assignments	Percent of Grade
Exam 1		20%
Exam 2		20%
Group Survey Project		15%
Memo		20%
Four homeworks	Lowest 1 dropped	15%
In-class quizzes and flipped class problems	Lowest 2 dropped	10%

Final grades will then be assigned as follows:

A+	97-100%
A	93-96.9%
A-	90-92.9%
B+	87-89.9%
B	83-86.9%
B-	80-82.9%
C+	77-79.9%
C	73-76.9%

C- 70-72.9%

D/F < 69.9%

Exams: The exams will be February 21 and April 10

Honor Code:

You may work with your peers on your homework assignments. All other assignments --- including tests, quizzes, and the memo --- should be your own work. For each of these assignments, you will pledge: "On my honor as a student at UVA, I have neither given nor received aid on this assignment." For additional information on the honor code, visit [this link](#). For additional information on plagiarism, follow [this link](#).

Make-up Exams and Quizzes

I know life happens so you may have a conflict due to travel for academics/sports/ or job interviews, religious holidays, family emergencies, and sickness. In the case of travel or religious holidays, you must email me at least one week beforehand. In the event of an emergency or illness, you must provide proof that the excuse is legitimate (e.g., a doctor's note). We will then schedule your makeup exam or quiz. If you miss class for any reason, you should get notes and announcements from a classmate.

Accommodations:

The Americans with Disabilities Act (ADS) protects the rights of all students with learning disabilities to receive reasonable accommodations, thereby helping to create an environment where diverse learners can thrive. UVA's [Student Disability Access Center \(SDAC\)](#) provides more information on available accommodations and services, as well as the process for submitting appropriate documentation. SDAC can also be reached by phone at 434-243-5180. If you have a documented disability, please reach out to me and Pallavi to be sure that we provide you with the appropriate accommodations.

Seeking Help

Economics offers an incredibly powerful set of tools for analyzing the world. Everyone in the course comes with different preparation from their economics and math courses. And using these tools comes more naturally to some people than others. I want you to succeed in this course and come away with a better understanding of economics and the labor market. I encourage you to come to office hours to ask me or Pallavi questions, ask

questions in class, and attend sections. If you are struggling in this course or with balancing this course with your other responsibilities, please reach out to us early so we can help you come up with a good path forward.

Communicating with Me

The best way to communicate with me is during class or in office hours. Email is best used to schedule appointments and should have the subject "ECON 4150: appointment". Any substantive discussion should occur in person. Please check the syllabus and Canvas before asking me or Pallavi a logistical question through email. I will check and respond to course-related email once per day, usually in the afternoon.

In-class Etiquette

People learn more and perform better when they feel safe and respected. I will always strive to treat you fairly and give you the respect that you deserve. I expect you to treat me and your peers with respect in return.

Part of respecting me and your classmates is creating a learning environment with minimal distractions. **All phones should be put away during class time. Please come to class on-time.**

I would also encourage you to use pen and paper rather than your computer to take notes. [Research](#) suggests that people learn better when they write by hand rather than type notes. Typing tends to lead to transcription rather than synthesis.

Schedule for the Course

Below is my current game plan for the course. The homework and exam timing will not change. However, I may call some audibles on the reading assignments if we, for example, are running behind schedule.

<i>DATE</i>	<i>TOPIC</i>	<i>READINGS/ASSIGNMENTS</i>
<i>JAN 17</i>	Why Study Labor?	E&S Pages 35-42 Returns to College Major in Economics

JAN 22	Labor Demand & Supply	E&S Pages 60 – 65 Robots and jobs: Evidence from the US
JAN 24	Labor Demand and AI	Shakked Noy and Whitney Zhang, “Experimental evidence on the productivity effects of generative artificial intelligence.” <i>Science</i> , 2023. <i>Optional:</i> Brynjolfsson, Erik, Danielle Li, and Lindsey R. Raymond. “Generative AI at Work.” No. w31161. National Bureau of Economic Research, 2023.
JAN 29	Wage Regressions in Sports	E&S Appendix 1A – Page 16 - 24
JAN 31	Labor Demand Elasticities	E&S Pages 95-103, 108-116
FEB 5	Inequality and the Returns to Education	Video on Race Between Education and Technology Nunes, Ashley. “Automation Doesn’t Just Create or Destroy Jobs – It Transforms Them”
FEB 6		Homework 1 on Labor Demand Due
FEB 7	Monopsony in the Labor Market	E&S Pages 128-138 Alan Manning, <i>Monopsony in Motion</i> , 2011, Chapters 1 and 2 (pages 29-31).
FEB 12	Monopsony and the Minimum Wage	E&S Page 139 Card, David, and Alan B. Krueger. "Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania." <i>The American Economic Review</i> 84, no. 4 (1994): 772-793.
FEB 14	Empirical Evidence of Monopsony	Dube, Arindrajit, Jeff Jacobs, Suresh Naidu, and Siddharth Suri. "Monopsony in online labor markets." <i>American Economic Review: Insights</i> 2, no. 1 (2020): 33-46.

FEB 15		Homework 2 on Monopsony and Estimating the Returns to Education Due
FEB 19	Exam Review	Study
FEB 21	Exam	Study some more :)
FEB 26	Labor Supply I	E&S Pages 170-175 Golosov, Mikhail, Michael Graber, Magne Mogstad, and David Novgorodsky. How Americans Respond to Idiosyncratic and Exogenous Changes in Household Wealth and Unearned Income , No. w29000. National Bureau of Economic Research, 2021. pages 1-18.
FEB 28	Labor Supply 2	E&S Pages 175-190 Angrist, Joshua D., Sydnee Caldwell, and Jonathan V. Hall. " Uber versus Taxi: A Driver's Eye View ." <i>American Economic Journal: Applied Economics</i> 13, no. 3 (2021): 272-308: try to read the whole article but don't sweat the details too much.
MARCH 4-8	Spring Break	Have fun ☺
MARCH 11	Compensating Wage Differentials: Worker Preferences for Amenities	E&S Pages 248-257, Optional E&S 241-247 Mas, Alexandre, and Amanda Pallais. "Valuing alternative work arrangements." <i>American Economic Review</i> 107, no. 12 (2017): 3722-3759. Optional: Stern, Scott. " Do scientists pay to be scientists? " <i>Management science</i> 50.6 (2004): 835-853. End of class: Brainstorm (dis)amenities that you would like to know how much people value.

	SECTION: Designing a Hypothetical Choice Experiment on Qualtrics	
MARCH 13	Compensating Wage Differentials: Market Equilibrium	<p>E&S 262-266</p> <p><i>Optional:</i> Lavetti, Kurt. "The estimation of compensating wage differentials: Lessons from the deadliest catch." <i>Journal of Business & Economic Statistics</i> 38, no. 1 (2020): 165-182.</p> <p><i>Optional:</i> Jones, Damon, David Molitor, and Julian Reif. "What do workplace wellness programs do? Evidence from the Illinois workplace wellness study." <i>The Quarterly Journal of Economics</i> 134, no. 4 (2019): 1747-1791.</p>
MARCH 15		Homework 3 on Labor Supply Due
MARCH 18	<p>Compensating Wage Differentials and the Gender Wage Gap</p> <p>Guest lecture by Natalia Emanuel on Zoom</p> <p>SECTION: Group time to discuss design of hypothetical choice experiment on Qualtrics and ask Pallavi questions</p>	<p>Bolotnyy, Valentin, and Natalia Emanuel. "Why do women earn less than men? Evidence from bus and train operators." <i>Journal of Labor Economics</i> 40, no. 2 (2022): 283-323.</p>
MARCH 20	Compensating Wage Differentials, Inequality, and Intergenerational Mobility	<p>Boar, Corina and Danial Lashkari, "Occupational Choice and the Intergenerational Mobility of Welfare," Working Paper, 2023. Read pages 1-15.</p> <p><i>Optional:</i> Maestas, Nicole, Kathleen J. Mullen, David Powell, Till Von Wachter, and Jeffrey B.</p>

		Wenger. "The value of working conditions in the United States and implications for the structure of wages." <i>American Economic Review</i> 113, no. 7 (2023): 2007-2047.
MARCH 23		Survey component of group project on compensating differentials survey due
MARCH 25	College Major Choice, Compensating Differentials, and the Expected Skills	Basit Zafar and Matthew Wiswall, "Preference for the Workplace, Investment in Human Capital, and Gender." <i>Quarterly Journal of Economics</i> , 2018. Read the introduction.
	SECTION: Group presentations about survey project	Arcidiacono, Peter, V. Joseph Hotz, and Songman Kang. "Modeling college major choices using elicited measures of expectations and counterfactuals." <i>Journal of Econometrics</i> 166, no. 1 (2012): 3-16. Read the introduction.
	Vote on group project. We will run a large-scale version of the winning survey.	Optional: Kirkeboen, Lars J., Edwin Leuven, and Magne Mogstad. "Field of study, earnings, and self-selection." <i>The Quarterly Journal of Economics</i> 131, no. 3 (2016): 1057-1111.
MARCH 27	Remote Work	Emanuel, Natalia, and Emma Harrington. <i>Working Remotely? Selection, Treatment, and the Market for Remote Work</i> . Working Paper, 2022. Optional: Suhani Jalota and Ho, Lisa, " What works for her? How Work-from-Home Jobs Affect Female Labor Force Participation in Urban India, " Working Paper, 2023.
APRIL 1	Efficiency Wages I	E&S: 374-376 The Story of Henry Ford's \$5 a Day Wages: It's Not What You Think Optional: Raff, Daniel MG, and Lawrence H. Summers. "Did Henry Ford pay efficiency wages?" <i>Journal of Labor Economics</i> 5, no. 4, Part 2 (1987): S57-S86.

APRIL 3	Efficiency Wages II	Government-mandated minimum wages and productivity Optional: Emanuel, Natalia, and Emma Harrington. <i>The Payoffs of Higher Pay</i> . Working Paper, 2023.
APRIL 5		Homework 4 Due Analysis of Compensating Differentials Data Due
APRIL 8	Exam Review	Study
APRIL 10	Exam	Study some more :)
APRIL 15	Introduction to Firm Personnel Policies and Performance Pay	E&S: 359-373 Read handout on writing assignment Principal Agent In-Class Experiment Optional: Lemieux, Thomas, W. Bentley MacLeod, and Daniel Parent. " Performance pay and wage inequality. " <i>The Quarterly Journal of Economics</i> 124.1 (2009): 1-49.
APRIL 17	Performance Pay	Casebook: Performance Pay and Productivity at Safelite Glass (A)
APRIL 22	Personnel in the real-world (A conversation with an HR professional)	Submit questions to ask HR professional
APRIL 24	Worker Training and Mentorship	E&S 151-155 The simple secret of effective mentoring programs
APRIL 29	Gender Discrimination within Firms	Benson, Alan, Danielle Li, and Kelly Shue. " 'Potential' and the gender promotion gap. " Working paper, 2023.

SECTION: Present on
Interview for Memo
Project

MAY 8

Memo Due