

Economics and Demographics of Labor Markets
Spring 2021

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This course focuses on how labor markets operate, and how that relates to what goes on inside the firm. Economic logic and evidence are used to analyze employer and employee decisions, and the institutional factors shaping those decisions. The text is: Modern Labor Economics: Theory and Public Policy, by Ronald Ehrenberg and Robert Smith (New York: Prentice Hall, 13th edition). The technical appendices are not required. Several optional articles are also listed for each topic, which may be of particular use for those who want to do a paper in that area. The optional articles are available on the Canvas website. The optional books are available in the Rutgers libraries.

This class contributes to the following SMLR learning objectives:

- D) Written and oral communication - Communicate effectively at a level and in modes appropriate to an entry level professional.
- IV) Theoretical Perspectives - Demonstrate an understanding of relevant theories and apply them given the background context of a particular work situation, and
- V) Understanding Context - Evaluate the context of workplace issues, public policies, and management decisions.

Students should have the notes for each class available each week, either printed out or on their computers in front of them to be followed as the class proceeds. The weekly notes are available in advance on the Canvas website.

Grades will be based on a midterm (30%), final (35%), and paper (35%). A discussion of the paper format, possible topics, and guidelines to avoid plagiarism is included on the Canvas website. This will be reviewed at the start of the second class.

If you have any type of health condition or disability that requires accommodation, I will be glad to make reasonable accommodations if you provide some documentation at the beginning of the semester or as soon as the condition develops.

Week 1. Introduction, Demographic and Employment Projections

Required: Ehrenberg/Smith, Chapters 1 and 2

Optional:

Long-term and short-term projections:

“A Changing Nation: Population Projections Under Alternative Immigration Scenarios,” U.S. Bureau of the Census,
<https://www.census.gov/content/dam/Census/library/publications/2020/demo/p25-1146.pdf>

[New BLS projection data to be added 9-1-20 at 10 a.m.]

Economic impact of climate change:

Jay C. McDaniel , “Will global warming “chill” the U.S. economy?” *Monthly Labor Review*, March 2020, <https://www.bls.gov/opub/mlr/2020/beyond-bls/pdf/will-global-warming-chill-the-us-economy.pdf>

Solomon Hsiang and Robert E. Kopp, “An Economist's Guide to Climate Change Science,” *Journal of Economic Perspectives*, 32(4) Fall 2018, pp. 3-32.

Week 2. Employee Supply of Labor

Who participates in the labor force and why? What determines the number of hours worked?

Required: Ehrenberg/Smith, Chapter 6

Optional:

“The War on Poverty 50 Years Later: A Progress Report,” Economic Report of the President 2014, U.S. Government Printing Office,
<http://www.gpo.gov/fdsys/pkg/ERP-2014/pdf/ERP-2014-chapter6.pdf>.

“What Would Happen If We Just Gave People Money?”
<http://fivethirtyeight.com/features/universal-basic-income/>

Krueger, Alan B., “Where Have All the Workers Gone? An Inquiry into the Decline of the U.S. Labor Force Participation Rate,” *Brookings Papers on Economic Activity*, Fall 2017, pp. 1-59.

Week 3. Employee Supply of Labor (cont.)

What determines the split of work inside and outside the home? What affects the

retirement decision?

Required: Ehrenberg/Smith, Chapter 7

Optional:

Telework and flexible work arrangements:

“The number of people who can telework is higher than was estimated,” *Monthly Labor Review*, June 2020. <https://www.bls.gov/opub/mlr/2020/beyond-bls/the-number-of-people-who-can-telework-is-higher-than-was-estimated.htm>

“Ability to work from home: evidence from two surveys and implications for the labor market in the COVID-19 pandemic,” *Monthly Labor Review*, June 2020. <https://www.bls.gov/opub/mlr/2020/article/ability-to-work-from-home.htm>

Rose Woods, “Job Flexibilities And Work Schedules In 2017–18,” Bureau of Labor Statistics, April 2020, <https://www.bls.gov/spotlight/2020/job-flexibilities-and-work-schedules/pdf/job-flexibilities-and-work-schedules.pdf>

Lisa Schur and Douglas Kruse, “Coronavirus could revolutionize work opportunities for people with disabilities,” May 5, 2020, <https://theconversation.com/coronavirus-could-revolutionize-work-opportunities-for-people-with-disabilities-137462>

Family leave and work-life balance:

Eleni X. Karageorge, “My coworkers are making me sick,” *Monthly Labor Review*, November 2016. <https://www.bls.gov/opub/mlr/2016/beyond-bls/my-coworkers-are-making-me-sick.htm>

Eleni X. Karageorge, “Want more workers? Improve parental leave policies,” *Monthly Labor Review*, March 2019. <https://www.bls.gov/opub/mlr/2019/beyond-bls/want-more-workers-improve-parental-leave-policies.htm>

Claudia Olivetti and Barbara Petrongolo, “The Economic Consequences of Family Policies: Lessons from a Century of Legislation in High-Income Countries,” *Journal of Economic Perspectives*, 31(1) Winter 2017, pp. 205-230.

Council of Economic Advisers, “Work-Life Balance and the Economics of Workplace Flexibility,” June 2014

Council of Economic Advisers, “The Economics of Paid and Unpaid Leave,”

June 2014.

Week 4. Employer Demand for Labor

What determines the quantity of labor purchased by a firm? What is the marginal product of labor? What is the wage elasticity of labor demand? So what?

Required: Ehrenberg/Smith, Chapters 3 and 4

Optional:

COVID and labor demand:

“Demographics, earnings, and family characteristics of workers in sectors initially affected by COVID-19 shutdowns,” *Monthly Labor Review*, June 2020.
<https://www.bls.gov/opub/mlr/2020/article/demographics-earnings-and-family-characteristics-of-workers-in-sectors-initially-affected-by-covid-19-shutdowns.htm>

Douglas Himes, “Working women and the early COVID-19 shutdowns,” *Monthly Labor Review*, August 2020, <https://www.bls.gov/opub/mlr/2020/beyond-bls/working-women-and-the-early-covid-19-shutdowns.htm>

Minimum wages:

Brown, Charles C.; Hamermesh, Daniel S., “Wages and Hours Laws: What Do We Know? What Can Be Done?” National Bureau of Economic Research Working Paper 25942, 2019.

Council of Economic Advisers, “The Economic Case for Raising the Minimum Wage,” February 2014

Joseph Sabia, Richard Burkhauser, and Benjamin Hansen, “Are the Effects of Minimum Wage Increases Always Small? New Evidence from a Case Study of New York State,” *Industrial and Labor Relations Review*, 66(2): 350-376.

Arindrajit Dube, William T. Lester, T. William, Michael Reich, “Minimum Wage Effects across State Borders: Estimates Using Contiguous Counties,” *Review of Economics and Statistics*, 92(4), 945-964.

John Schmitt, “Explaining the Small Effects of the Minimum Wage in the United States,” *Industrial Relations* 54(4), October 2015, pp. 547-481.

Week 5. Employer Demand for Labor (cont.)

How do training costs and employee benefits affect the demand for workers? How do imports and technological change affect labor demand? Why use temporary workers? Why is there an overtime-pay premium, and what are its effects?

Required: Ehrenberg/Smith, Chapter 5

Optional:

Contingent work:

“Contingent and Alternative Employment Arrangements—May 2017,” USDL-18-0942, Bureau of Labor Statistics,
<https://www.bls.gov/news.release/pdf/conemp.pdf>

“Temp workers, permanent effects: how temps changed the nature of the U.S. workforce,” *Monthly Labor Review*, December 2016.
<https://www.bls.gov/opub/mlr/2016/book-review/the-temp-economy.htm>

Mas, Alexandre, and Amanda Pallais. Alternative work arrangements. No. w26605. National Bureau of Economic Research, 2020.

Hamersma, Sarah; Heinrich, Carolyn; Mueser, Peter, “Temporary Help Work: Earnings, Wages, and Multiple Job Holding,” *Industrial Relations*, January 2014, 53(1): 72-100

Technology and labor demand:

Autor, David H. 2015. "Why Are There Still So Many Jobs? The History and Future of Workplace Automation." *Journal of Economic Perspectives*, 29 (3): 3-30.

Richard Works, “The impact of technology on labor markets,” *Monthly Labor Review*, June 2017. <https://www.bls.gov/opub/mlr/2017/beyond-bls/the-impact-of-technology-on-labor-markets.htm>

Daron Acemoglu and Pascual Restrepo, “[Automation and New Tasks: How Technology Displaces and Reinstates Labor](#),” *Journal of Economic Perspectives* 33 (2), spring 2019, pp. 3-30.

Richard B. Freeman. 2018. "Ownership when AI robots do more of the work and earn more of the income," *Journal of Participation and Employee Ownership*, Vol. 1 Issue: 1, pp.74-95

Farber, Henry S. “Job Loss and the Decline in Job Security in the United States,” in Abraham, Katharine G.; Spletzer, James R.; Harper, Michael J., eds. *Labor in the New Economy*. Chicago and London: University of Chicago

Press, 2010, pp. 223-62

Labor market monopsony:

Council of Economic Advisers, “Labor Market Monopsony: Trends, Consequences, and Policy Responses.” October 2016,
https://obamawhitehouse.archives.gov/sites/default/files/page/files/20161025_monopsony_labor_mrkt_cea.pdf

Alan Krueger and Eric Posner, “Corporate America Is Suppressing Wages for Many Workers,” <https://www.nytimes.com/2018/02/28/opinion/corporate-america-suppressing-wages.html>

Peter C. Fisk, “Study measures effect of labor market concentration on wages,” *Monthly Labor Review*, July 2018.
<https://www.bls.gov/opub/mlr/2018/beyond-bls/study-measures-effect-of-labor-market-concentration-on-wages.htm>

Week 6. Education and Training

How much do worker earnings increase with extra education? Does this earnings increase reflect enhanced skills due to the education, or pre-existing skills of people who pursue more education? How are worker earnings and productivity affected by training good at any firm vs. training good at only one firm?

Required: Ehrenberg/Smith, Chapter 9

Optional:

Demetrio Scopelliti, “The college payoff: a look at income and wealth premiums,” *Monthly Labor Review*, March 2020.
<https://www.bls.gov/opub/mlr/2020/beyond-bls/pdf/the-college-payoff-a-look-at-income-and-wealth-premiums.pdf>

Ariel J. Binder, John Bound, “[The Declining Labor Market Prospects of Less-Educated Men](#),” *Journal of Economic Perspectives*, Vol. 33, No. 2 (Spring 2019), pp. 163-190

“Jobs, Workers, and Skills,” *Economic Report of the President 2013*, U.S. Government Printing Office, <http://www.gpo.gov/fdsys/pkg/ERP-2013/pdf/ERP-2013-chapter4.pdf>.

Ludger Woessmann, “[The Importance of School Systems: Evidence from International Differences in Student Achievement](#),” *Journal of Economic Perspectives*, 30(3) Summer 2016, pp. 3-31.

Ronald Ehrenberg, "American Higher Education in Transition," *Journal of Economic Perspectives*, Winter 2012, 26(1): 193-216

Andrew Weiss, "Human Capital vs. Signalling Explanations of Wages," *Journal of Economic Perspectives*, Vol. 9, No. 4, Fall 1995.

Ann Bartel, "Productivity Gains from the Implementation of Employee Training Programs," *Industrial Relations*, October 1994, pp. 411-425.

Harry J. Holzer, "Good Workers for Good Jobs: Improving Education and Workforce Systems in the US," *IZA Journal of Labor Policy*, 2012, v. 1, <http://www.izajolp.com/content/1/1/5>.

Week 7. Compensating Wage Differentials

How do working conditions, such as risk of injury, affect wages? What are the arguments for and against government regulations?

Required: Ehrenberg/Smith, Chapter 8

Optional:

David Weil, "OSHA: Beyond the Politics," *Frontline*, January 9, 2003.

Maestas, Nicole; Mullen, Kathleen J.; Powell, David; von Wachter, Till; Wenger, Jeffrey B., "The Value of Working Conditions in the United States and Implications for the Structure of Wages," C.E.P.R. Discussion Paper 13284, 2018.

Mas, Alexandre; Pallais, Amanda, "Valuing Alternative Work Arrangements," *American Economic Review*, December 2017, v. 107, iss. 12, pp. 3722-59

Kaplan, Greg, and Sam Schulhofer-Wohl. 2018. "The Changing (Dis-)utility of Work." *Journal of Economic Perspectives*, 32 (3): 239-58.

H.A. Mridha and F.C. Khan, "Does Unemployment Affect Compensating Wage Differentials for Work-Related Fatal Injuries? Empirical Evidence from Occupational Data," *Applied Economics Letters*, October 2013, v. 20, iss. 13-15, pp. 1283-87

Douglas Kruse, "Supervision, Working Conditions, and the Employer Size-Wage Effect," *Industrial Relations*, Vol. 31, No. 2, Spring 1992, pp. 229-249.

Week 8. Midterm

Week 9. Worker Rights, Government Intervention

Required: Hand in paper prospectus

Week 10. Compensation Systems, Employee Involvement and Participation

What affects the choice of different forms of compensation: wages, piece rates, commissions, pensions, profit sharing, etc.? What are the effects of these different forms? What are the recent trends?

Required: Ehrenberg/Smith, Chapter 11

Optional:

Edward Lazear, "[Compensation and Incentives in the Workplace,](#)" *Journal of Economic Perspectives*, 32(3) Summer 2018, pp. 195-214.

Edward Lazear, "Labor Economics and the Psychology of Organizations," *Journal of Economic Perspectives*, Spring 1991, pp. 89-110.

Douglas Kruse, Richard Freeman, and Joseph Blasi. *Shared Capitalism at Work: Employee Ownership, Profit Sharing, Gainsharing, and Broad-based Stock Options*. Chicago: University of Chicago Press, 2010.

Douglas Kruse, "Does Employee Ownership Improve Economic Performance?" *IZA World of Labor*, November 2016, wol.iza.org

Doucouliaagos, H., Laroche, P., Kruse, D. L., & Stanley, T. D. (2020). Is Profit Sharing Productive? A Meta-Regression Analysis. *British Journal of Industrial Relations*, 58(2), 364-395.

Week 11. Discrimination

Who is discriminated against in labor markets? By whom? Has this changed over time? Is government policy effective?

Required: Ehrenberg/Smith, Chapter 12

Eleni X. Karageorge, "The unexplainable, growing black-white wage gap," *Monthly Labor Review*, November 2017.

<https://www.bls.gov/opub/mlr/2017/beyond-bls/the-unexplainable-growing-black-white-wage-gap.htm>

New York Times, "Sticks and Stones Can Break Bones, but the Wrong Name can Make a Job Hard to Find," Dec. 12, 2002

New York Times, "He Dickers, She Doesn't," August 21, 2003

Optional:

Race discrimination:

Kevin Lang and Ariella Kahn-Lang Spitzer, "Race Discrimination: An Economic Perspective," *Journal of Economic Perspectives*, 34(2), Spring 2020, pp. 68-89.

"Racial and ethnic disparities in access to and use of paid family and medical leave: evidence from four nationally representative datasets," *Monthly Labor Review*, January 2019.

<https://www.bls.gov/opub/mlr/2019/article/racial-and-ethnic-disparities-in-access-to-and-use-of-paid-family-and-medical-leave.htm>

Harry Holzer, "Employer Skill Demands and Labor Market Outcomes of Blacks and Women," *Industrial & Labor Relations Review*, Vol. 52 (1), October 1998, pp. 82-98.

[new article on August 26 about Black job losses in recession]

Sex discrimination:

Jordan Weissman, "Why Are Women Paid Less? Interview with Francine Blau," *The Atlantic*, November 28, 2012.

Francine D. Blau, Lawrence M. Kahn, "The Gender Wage Gap: Extent, Trends, and Explanations," *Journal of Economic Literature*, September 2017, 55(3), pp. 789-865.

Eleni X. Karageorge, "If you schmooze, you don't lose . . . but only if you're a man," *Monthly Labor Review*, March 2020.

<https://www.bls.gov/opub/mlr/2020/beyond-bls/if-you-schmooze-you-dont-lose-but-only-if-youre-a-man.htm>

Maureen Soyars Hicks, "Could changing hiring practices help more women climb the corporate ladder?" *Monthly Labor Review*, January 2020.

<https://www.bls.gov/opub/mlr/2020/beyond-bls/pdf/could-changing-hiring-practices-help-more-women-climb-the-corporate-ladder.pdf>

Gharehgozli, Orkideh; Atal, Vidya, "Revisiting the Gender Wage Gap in the United States," *Economic Analysis and Policy*, June 2020, v. 66, pp. 207-16.

Age discrimination:

Edith S. Baker, "Is there age discrimination in hiring?" *Monthly Labor Review*, April 2017. <https://www.bls.gov/opub/mlr/2017/beyond-bls/is-there-age-discrimination-in-hiring.htm>

Disability discrimination:

Lisa Schur, Douglas Kruse, and Peter Blanck, "A Closer Look at Employment," Chapter 3 in *People with Disabilities: Sidelined or Mainstreamed?* Cambridge, England: Cambridge University Press, 2013.

Mason Ameri, Lisa Schur, Meera Adya, Scott Bentley, Patrick McKay, and Douglas Kruse. "The Disability Employment Puzzle: A Field Experiment on Employer Hiring Behavior," *ILR Review* Vol. 71, No. 2, March 2018, pp. 329-364.

Market, company, and policy solutions:

"Can competitive product markets reduce workplace discrimination?" *Monthly Labor Review*, August 2017. <https://www.bls.gov/opub/mlr/2017/book-review/can-competitive-product-markets-reduce-workplace-discrimination.htm>

Thomas Kochan et al., "The Effects of Diversity on Business Performance: Report of the Diversity Research Network," *Human Resource Management*, Vol. 42, No. 1, Spring 2003, pp. 3-21.

Harry J. Holzer and David Neumark, "Affirmative Action: What Do We Know?" *Journal of Policy Analysis and Management*, Spring 2006, v. 25(2), 463-90.

Week 12. Unions

How do unions affect the distribution of earnings, productivity, and the status of labor?
Why has the percent unionized declined in the U.S.?

Required: Ehrenberg/Smith, Chapter 13.

Optional:

Union effects on workers and firms:

Richard Freeman and James Medoff, *What Do Unions Do?*, New York: Basic Books, 1984.

Richard Freeman and Morris Kleiner, "Do Unions Make Enterprises Insolvent?" *Industrial & Labor Relations Review*, Vol. 52 (4). p 510-27. July 1999.

Doucouliaagos, Hristos; Freeman, Richard B.; Laroche, Patrice; Stanley, T. D., "How Credible Is Trade Union Research? Forty Years of Evidence on the Monopoly-Voice Trade-Off," *ILR Review*, March 2018, v. 71, iss. 2, pp. 287-305.

Unions and inequality:

Maureen Soyars Hicks, "Can unions significantly reduce wage inequality? Depends on whether you're in the public or private sector," *Monthly Labor Review*, January 2019. <https://www.bls.gov/opub/mlr/2019/beyond-bls/can-unions-significantly-reduce-wage-inequality-depends-on-whether-youre-in-the-public-or-private-sector.htm>

Farber, Henry S.; Herbst, Daniel; Kuziemko, Ilyana; Naidu, Suresh, "Unions and Inequality Over the Twentieth Century: New Evidence from Survey Data," National Bureau of Economic Research Working Paper 24587, 2018.

"Labor's new challenge—securing the rights of informal workers," *Monthly Labor Review*, May 2018. <https://www.bls.gov/opub/mlr/2018/book-review/labor-new-challenge.htm>

Lawrence Mishel, "Unions, inequality, and faltering middle-class wages," Economic Policy Institute, August 2012, <http://www.epi.org/publication/ib342-unions-inequality-faltering-middle-class/>

Week 13. Unemployment, Immigration

Who are the unemployed? Why do we have unemployment, and how can we get rid of it? What are the economic effects of immigration?

Required: Ehrenberg/Smith, Chapter 14 and Chapter 10 section on "Policy Application: Restricting Immigration"

Optional:

Unemployment:

Dean Baker and Jared Bernstein, "Getting Back to Full Employment," Center for Economic and Policy Research, March 2014, http://www.cepr.net/documents/publications/52_Bernstein_Baker_Employment.pdf.

Farber, H. S., Herbst, C. M., Silverman, D., & Von Wachter, T. "Whom do employers want? The role of recent employment and unemployment status and age." *Journal of Labor Economics*, 37(2) 2019, 323-349.

Farber, Henry S. "Employment, hours, and earnings consequences of job loss: US evidence from the displaced workers survey." *Journal of Labor Economics* 35, no. S1, 2017: S235-S272.

Alan B. Krueger, Judd Cramer, and David Cho, "Are the Long-Term Unemployed on the Margins of the Labor Market?" *Brookings Panel on Economic Activity*, March 20-21, 2014.

Carolyn J. Heinrich, Harry J. Holzer, "Improving Education and Employment for Disadvantaged Young Men: Proven and Promising Strategies," *Annals of the American Academy of Political and Social Science*, May 2011, v. 635, pp. 163-91

Immigration:

Harry Holzer, "Immigration and the U.S. Labor Market: A Look Ahead," Migration Policy Institute, August 2019.

Francine D. Blau and Christopher Mackie (eds.). "Summary," *The Economic and Fiscal Consequences of Immigration*. Washington, D.C.: The National Academies Press, 2017.

David Card, "Is the New Immigration Really So Bad?" *Economic Journal*, November 2005, pp. F300-F323

George Borjas, "Increasing the Supply of Labor Through Immigration: Measuring the Impact on Native-born Workers," Background, Center for Immigration Studies, Washington, D.C., May 2004.

Roger Lowenstein, "The New Immigration," *New York Times*, July 9, 2006.

Week 14. Economic Inequality, International Trade

What are the trends in earnings and income inequality, and what accounts for them?
What is the role of international trade? Are your wages set in Beijing?

Required: Ehrenberg/Smith, Chapters 15 and 16
Papers due

Optional:


Inequality:

Nicole Fortin and Thomas Lemieux, "Institutional Changes and Rising Wage Inequality: Is There a Linkage?" *Journal of Economic Perspectives*, Vol. 11 (2), Spring 1997, pp. 75-96.

Courtney C. Coile, Mark G. Duggan, "[When Labor's Lost: Health, Family Life, Incarceration, and Education in a Time of Declining Economic Opportunity for Low-Skilled Men.](#)" *The Journal of Economic Perspectives*, Vol. 33, No. 2 (Spring 2019), pp. 191-210

Miles Corak , “[Income Inequality, Equality of Opportunity, and Intergenerational Mobility](#),” *The Journal of Economic Perspectives*, Vol. 27, No. 3 (Summer 2013), pp. 79-102

Alan Berube, “Does Inequality Matter for Mobility? A Metro View,” Brookings Institution, August 7, 2014, <http://www.brookings.edu/blogs/social-mobility-memos/posts/2014/08/07-inequality-matters-mobility-berube>.

Thomas Piketty and Emmanuel Saez. 2014. "Inequality in the Long Run .

Science, Volume 344, Issue 6186, Pages 838-843.

Richard Freeman, “Distribution Matters” in *America Works: Critical Thoughts on the Exceptional U.S. Labor Market*. New York: Russell Sage Foundation, 2007

International trade:

Dani Rodrik , [What Do Trade Agreements Really Do?](#) , *Journal of Economic Perspectives*, 32(2), Spring 2018, pp. 73-90.

David Autor and Gordon Hansen, "[Labor Market Adjustment to International Trade](#)," NBER Reporter 2014 Number 2: Research Summary

Claire Cain Miller. 2016. "[The Long-Term Jobs Killer Is Not China. It's Automation](#)."  *The New York Times*, December 21.

Richard Freeman, “The Great Doubling: Is Your Job Going to Bombay or Beijing?” in *America Works: Critical Thoughts on the Exceptional U.S. Labor Market*. New York: Russell Sage Foundation, 2007, pp. 128-140.