

Econ 181: Labor Economics

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Office Hours: by appointment

Office: ...

Class Hours: TTH 3:00-4:30 & 4:30-6:00

Class Room: online (via Zoom)

Course Description

This course will introduce you to the Economics of Labor Markets. The first half of the course will focus on essential concepts in labor microeconomics including labor supply and labor demand, human capital theory, and some direct applications. The second half of the course will focus on a variety of topics along the intersection of labor macroeconomics and policies and institutions including theories of unemployment, collective bargaining, and public policies. Throughout the course, we will have a combination of empirical evidence in both local and international settings.

Learning Materials

- Select chapters from Borjas, G. *Labor Economics 8th ed.*. Please refer to the separate reading list on Moodle for other required readings.

Prerequisites/Corequisites

Macroeconomics and Microeconomics are prerequisites. Background knowledge in econometrics will be helpful but is not necessary. This class is taught as a seminar-style. Contributions from the class are therefore critical during our meetings. However, these learning objectives can nevertheless be attained through asynchronous learning.

Important Course Announcement

SYNCHRONOUS CLASS SCHEDULE: TUESDAYS 3-5 PM

I will record synchronous classes and upload the recording each week. It will remain accessible on the course site for the whole semester. Video lectures may accompany each week depending

on time and logistical constraints (e.g. if there is a need to explain a concept further or we skipped some parts during the online class). The Zoom meeting link for all class activities is [here](#). (Alternatively: Meeting ID: 737 618 7180. Passcode: 7376187180)

Course Objectives

Successful students are able to:

1. GLO1: Show fluency in the basic concepts, models and tools of microeconomic and macroeconomic theory to understand labor market topics
2. GLO2: Discuss the seminal and recent contributions in the labor economics literature
3. GLO3: Analyze the trade-offs and debates in local and international labor policy discussions
4. GLO4: Articulate a well-defined research question and conduct research using economic reasoning and evidence

Grading Policy

The typical grading scale at the University of the Philippines will be used. I reserve the right to curve the scale dependent on overall class scores at the end of the semester. Additional qualitative feedback will be provided for the research paper.

- 30% for Midterm Exam
 - Each exam is administered online but has to be done individually. You are allowed to consult your notes and textbook. Each exam will be composed of three parts: (1) conceptual understanding—expect True or False or MCQ type questions; (2) 4-5 short essays; and (3) an analytical part—expect graphs and simple computations. A questionnaire will be uploaded during the exam date. Upload your answer sheet within the allotted time.
- 30% for Final Exam
 - See instructions above.
- 20% for Labor Policy Memo (by pair)
 - The 2-page labor policy memo tests the ability of the students to provide a concise background on a specific labor market issue, an overview of the available policy options, and targeted and feasible recommendation/s. It must complement, not restate, existing policies, and must use real-world data from reputable source. Students must also incorporate effective data visualization techniques to support their arguments
- 20% for 3 short Problem Sets (by pair)

- There will be three short problem sets over the course of the semester. You have one week to work on these assignments. Scan and upload your answer sheets on Moodle on or before the deadline. These are to be done by pair, unless otherwise changed by the Instructor depending on the contents of the problem set.

Course Schedule

- **Part 1. Introduction to the Course**
 1. Class Introduction and Agenda Setting
 2. Introduction to Labor Economics: The Labor Market
- **Part 2. Labor Microeconomics**
 1. Labor Supply
 2. Labor Demand
 3. Labor Market "Equilibrium"
 4. Education and "Human Capital"
 5. Higher Education and School-to-Work Transition
 6. Migration
 7. Discrimination
- **Midterm Exam (covering Parts 1 and 2)**
- **Part 3. Labor Macroeconomics, Policies, and Institutions**
 1. Unemployment
 2. Unions and Collective Bargaining
 3. Minimum Wages
 4. Policies
 5. Informality
- **Final Exam (covering Part 3)**

Reading List

See PDF copies on Moodle. (R) means required.

- Week 1: Introduction
 1. (R) Borjas Chapter 1
 2. Autor, D. (2015). Why Are There Still So Many Jobs? The History and Future of Workplace Automation, *Journal of Economic Perspectives* 29, 3-30.
 3. Paqueo, V. et al. (2014). Labor Policy for Jobs Expansion and Development. *PIDS DP 2014-34*
- Week 2: Labor Supply
 1. (R) Eissa, N., Liebman, J.B. (1996). Labor Supply Response to the Earned Income Tax Credit, *The Quarterly Journal of Economics*, 111(2), 605–637
 2. (R) Textbook Reading: BOR Chapter 2, pages 25-49 (only until the end of Subsection 2-8).
 3. Farber, H. (2014). Why You Can't Find a Taxi in the Rain and Other Labor Supply Lessons from Cab Drivers, *NBER Working Paper 20604*.
 4. Juhn, C., & Potter, S. (2006). Changes in Labor Force Participation in the United States, *The Journal of Economic Perspectives*, 20(3), 27-46.
- Week 3: Labor Demand
 1. (R) St. Louis Fed (2019). The Rise of Automation: How Robots May Impact the U.S. Labor Market
 2. (R) Textbook Reading: BOR Chapter 3, pages 84-106 (only until the end of 3-5).
 3. Angrist, J. (1996). Short-Run Demand for Palestinian Labor, *Journal of Labor Economics* 14(3), 425-453
- Week 4: Labor Market "Equilibrium"
 1. (R) Textbook Reading: BOR Chapter 3, pages 114-115 (only subsection 3-9); BOR Chapter 4, pages 144-152 (only until the end of 4-2)
 2. Hoynes, H., Miller, D.L., Schaller, J. (2012). Who Suffers During Recessions? *The Journal of Economic Perspectives*, 26(3), 27-47
- Week 5: Education and "Human Capital"
 1. (R) Heisig, J., Elbers, B., & Solga, H. (2020). Cross-national differences in social background effects on educational attainment and achievement: absolute vs. relative inequalities and the role of education systems, *Compare: A Journal of Comparative and International Education*, 50:2, 165-184
 2. (R) Textbook Reading: BOR Chapter 6, pages 229-244 (only until the end of 6-4).
 3. (R) Albert, J.R.G., & Raymundo, M.J.M. (2016): Trends in out-of-school children and other basic education statistics, *PIDS Discussion Paper Series*, No. 2016-39

- Week 6: Higher Education and STW Transition
 1. (R) Daway-Ducanes, S., Pernia, E., & Ramos, V.J. (2022): On Income Advantage in University Admissions and College Major Choices: Evidence from the University of the Philippines. *International Journal of Educational Development*
 2. (R) Vital, MJF. (2021). Then and now: analyzing Filipino youth education and work decisions following the K-12 basic education reform. *Philippine Review of Economics*, 57(1), 152-187.
 3. (R) Pastore, F. (2019). Why So Slow? The School-to-Work Transition in Italy. *Studies in Higher Education*, 44 (8), 1358-1371
- Week 7: Migration
 1. (R) Card, D. (1990). The Impact of the Mariel Boatlift on the Miami Labor Market. *Industrial and Labor Relations Review*, 43(2), 245-257
 2. (R) Ducanes, G. (2015). The welfare impact of overseas migration on Philippine households: Analysis using panel data. *Asian and Pacific Migration Journal*, Vol. 24(1) 79–106
 3. (R) Textbook Reading: BOR Chapter 8, pages 312-314; 322-337 (only until the end of 8-7, skip 8-2 and 8-3).
 4. Steinhardt, M.F. (2011). The Wage Impact of Immigration in Germany - New Evidence for Skill Groups and Occupations. *The B.E. Journal of Economic Analysis & Policy*, 11(1)
- Week 8: Discrimination
 1. (R) Epetia, C. (2019). Explaining the Gender Gap in Labor Force Participation in the Philippines. *Japan Labor Issues*, vol.3, no.17
 2. (R) Textbook Reading: BOR Chapter 9, pages 362-375 (only until the end of 9-5).
 3. Doleac, J. (2019). Empirical evidence on the effects of Ban the Box policies: The state of the literature in 2019. TestiTuey prepared for the U.S. House Committee on Oversight and Government Reform
- Week 10: Unemployment
 1. (R) Snower, D. (1994). Why People Don't Find Work. CEPR Discussion Paper Series
 2. (R) Check the latest releases from PSA [here](#)
 3. (R) Textbook Reading: BOR Chapter 12, pages 494-513 (only until the end of 12-4).
- Week 11: Unions and Collective Bargaining
 1. (R) Bryson, A. (2014). Union wage effects What are the economic implications of union wage bargaining for workers, firms, and society? *IZA World of Labor*
 2. (R) Textbook Reading: BOR Chapter 10, pages 412-451 (read the whole chapter)
- Week 12: Minimum Wage
 1. (R) Dube, A. (2019a). Minimum Wages and the Distribution of Family Incomes. *American Economic Journal: Applied Economics*, 11 (4): 268-304.

2. (R) Paqueo, V., Orbeta, A., & Lanzona, L. (2016). The impact of legal minimum wages on employment, income, and poverty incidence in the Philippines, *PIDS Discussion Paper Series*, No. 2016-54,
3. (R) Canales, K. (2014). The effects of a minimum wage on employment outcomes: an application of regression discontinuity design. *Philippine Review of Economics*, 51(2).
4. (R) Textbook Reading: CCZ Chapter 12, read pages 786-811 (only subsection 2 on minimum wages)
5. Dube, A. (2019b). Impacts of minimum wages: Review of the international evidence. IZA and NBER.

- Week 13: Policies

1. (R) Robalino, D. (2014). Designing unemployment benefits in developing Countries. IZA World of Labor.
2. (R) Pignati and Belle (2018). Better together: Active and passive labor market policies in developed and developing economies. ILO Working Paper No. 37
3. Rothstein, J. (2011). Unemployment Insurance and Job Search in the Great Recession. *Brookings Papers Econ Act*, 43.
4. Andersen, T. (2016). Automatic stabilizers—the intersection of labor market and fiscal policies. *IZA Journal of European Labor Studies*, 5:11
5. Gould-Werth (2020). Fool Me Once: Investing in Unemployment Insurance systems to avoid the mistakes of the Great Recession during COVID-19. *Washington Center for Equitable Growth*

- Week 14: Informality

1. (R) Ghosh, J. (2021). The gender implications of formalising informal activities. In *Informal Women Workers in the Global South*
2. Ronconi, L., et al. (2019). Who Demands Labour (De)Regulation in the Developing World? Insider–Outsider Theory Revisited