

Virginia Tech
Department of Economics
Fall 2024

ECON 4074: Labor Economics

Instructor: Brianna Felegi, Ph.D. (bfelegi@vt.edu)

Teaching Assistant: Reza Tavakoli (rtavakoli@vt.edu)

Class Time: 11:00am to 12:15 pm on Tuesdays and Thursdays

Class Location: DAV325

Instructor Office Hours: 3:00pm to 5:00pm on Tuesdays and Thursdays in Pamplin 3119
Or by Appointment

TA Office Hours: 10am to 11:30am on Fridays in Pamplin 3117

Course Description and Objectives

This course is an introduction to the field of labor economics with an emphasis on policy applications. We will cover a variety of topics including labor supply, labor demand, compensating wage differentials, education, immigration, and discrimination. From this course, students will develop an understanding of how economic research is used to analyze U.S. labor markets, how such research influences policy debates, and how to apply economic tools to answer their own labor-related questions.

Prerequisites

ECON 2005 (Principles of Economics – Micro), ECON 2006 (Principles of Economics – Macro), ECON3254 (Analysis of Economic Data) or ECON4304 (Econometric Methods)

Course Materials

1. “Labor Economics”, 2024, George Borjas
2. Stata, A six-month student copy of the I/C version is sufficient ([link](#))

Statistical Software

The class will use the Stata statistical software package. Stata is a fast and versatile program that was written by economists, so it is more intuitive for people in our field. Stata is the program of choice for applied micro economists.

You can purchase a six-month student copy of Stata for \$48 at the following link:

<https://www.stata.com/order/new/edu/profplus/student-pricing/>

Stata is a required resource. This software will not run on Chromebooks. The details of computer requirements for Stata can be found here:

<https://www.stata.com/products/compatible-operating-systems/>

I have programmed in Stata for years so if you have any question, please let me know. One note – to help you with your programming, I need to see the code. Therefore, copy the code you are working and email me the text. Too many people come to my office and say “I typed what was in the handout and it did not work” then don’t show me their code. I need to see what you are doing before I can help.

Course Components (and grading weight)

A. Participation (10%)

Students should be prepared to contribute to class discussions (answering questions, asking clarifying questions, going to office hours, pointing out mistakes on board, providing feedback to peers during group presentations). Throughout the semester, I will provide the class with some news media that is relevant to the topics of discussion. You can earn participation points by adding to the conversation about the piece and relating it to what you have learned in class.

B. Homework Assignments (20%)

Homework will involve solving problems and answering questions related to material we covered in class, as well as performing econometric analysis in Stata.

You may use the textbook, personal notes, or other reference material to do the homework. You may and are encouraged to work with your classmates. However, everyone must turn in their own work, perform their own Stata analysis, and write the answers in their own words.

If homework is identical to a classmates’, you may not receive credit for the answer. Assignments and due dates will be posted in Canvas. Homework is to be turned in by the time posted on the due date. You can turn in a physical copy to me in class or upload a submission in Canvas. For Stata portions of the homework, you must submit your code and output. 20 points will be taken off for each day past the due date that the homework is turned in.

In total, there are 5 problem sets. I will drop your lowest scoring homework, so only 4 will contribute to your final grade.

C. Midterms (20% each; Total 40%)

There will be two midterm exams conducted throughout the semester that are in class and are closed book. For midterms, you are allowed to bring in a single-sided 8.5 x 11-inch sheet of paper with anything on it legible to your naked eye. Both midterms will take place during the regularly scheduled class time in our usual classroom. The first midterm will be October 10th, and the second midterm will be November 21st. There are no makeups for midterms, unless you have a documented emergency (e.g. serious injury, death of family member).

D. Paper Presentation (10%)

You (and potentially one other classmate) will present a provided academic paper on one of the course topics. Each presentation will cover the background information, a summary of the main results, policy implications and relation to the theory/discussions in class. Presentations will occur throughout the semester as described in the course outline. The list of potential papers to use are at the bottom of the syllabus.

E. Research Report (20%)

You will complete a research report that answers a labor economics research question using the theoretical concepts and statistical techniques developed in this class.

There will be two components of the project that will be graded.

- Project Proposal (40 points)

Each student will share the specific labor-related policy to be explored, the data that they will use and which variables will be included in the analysis.

- Final Report (60 points)

Each student is required to hand in a 7-10-page (double-spaced) report, that provides background information, your research question, discussion of your data, and the presentation of your results – including the implications and limitations.

Grading rubric and example will be provided during the semester.

F. Optional Final (can replace a midterm)

The optional final exam will take place on December 17th in our usual classroom unless you are informed otherwise. This final exam is optional and your grade on it will replace your lowest midterm score. You are allowed to bring an 8.5 x 11-inch sheet of paper with anything legible to your naked eye. You **MUST** take the exam at the scheduled date and time for your assigned section. If you happen to have too many exams in a single day (i.e. 3 exams in 24 hours) and wish to reschedule the final exam, you must contact the appropriate VT channel (presumably the Office of the Registrar) and obtain permission from the Dean's office (note: there is a deadline for this). If you miss the final exam and do not have an excuse from the Dean, your midterm scores will be unaffected. There will be no makeup for the final exam, unless you have a documented emergency (e.g. serious injury, death of a family member).

In summary, final grades for the course will be based on the following:

Participation	10%
Homework Assignments	20%
Midterms	40%
Paper Presentation	10%
Research Report	20%
Optional Final	Up to 20%

Letter grades will be assigned as follows:

A	93 - 100
A-	90 - 92.99
B+	87 - 89.99
B	83 - 86.99
B-	80 - 82.99
C+	77 - 79.99
C	73 - 76.99
C-	70 - 72.99
D+	67 - 69.99
D	63 - 66.99
D-	60 - 62.99
F	0 - 59.99

Grading Questions or Disputes

I want you to understand how you are evaluated in this class. If you have any questions about your grade or feedback on course work, please email me to schedule a time to meet. I kindly ask that you wait at least 24 hours after work has been returned before requesting an appointment. This is to give you time to more thoroughly consider questions you have about your work.

Canvas

Our website within Canvas (<https://canvas.vt.edu/>) will have the slides class, assignment information and more. Please check the website regularly for class updates.

Academic Honesty

One of the goals of this course is to prepare you to do well in advanced economics courses, so it is essential that you develop a solid understanding of the material. To that end, while collaboration on problem sets is encouraged in this course, copying is not. Students are expected to understand and abide by the University's honor code (<https://honorsystem.vt.edu/>).

Undergraduate Academic Integrity Statement

The Undergraduate Honor Code pledge that each member of the university community agrees to abide by states:

“As a Hokie, I will conduct myself with honor and integrity at all times. I will not lie, cheat, or steal, nor will I accept the actions of those who do.”

Students enrolled in this course are responsible for abiding by the Honor Code. A student who has doubts about how the Honor Code applies to any assignment is responsible for obtaining specific guidance from the course instructor before submitting the assignment for evaluation. Students are strongly discouraged from misusing sites such as Chegg and CourseHero, as well as misusing ChatGPT and other Generative Artificial Intelligence. Students are strongly encouraged to consult their faculty members regarding the use of such outside materials as the misuse of these sources may constitute a violation of the Honor Code. Ignorance of the rules does not exclude any member of the University community from the requirements and expectations of the Honor Code.

Academic Accommodations

Virginia Tech welcomes students with disabilities into the University's educational programs. The University promotes efforts to provide equal access and a culture of

inclusion without altering the essential elements of coursework. If you anticipate or experience academic barriers that may be due to disability, including but not limited to ADHD, chronic or temporary medical conditions, deaf or hard of hearing, learning disability, mental health, or vision impairment, please contact the Services for Students with Disabilities (SSD) office (540-231-3788, ssd@vt.edu, or visit ssd.vt.edu). If you have an SSD accommodation letter, please meet with me privately during office hours as early in the semester as possible to deliver your letter and discuss your accommodations. You must give me reasonable notice to implement your accommodations, which is generally 5 business days and 10 business days for final exams.

If there are aspects of this course that prevent you from learning or exclude you, please let me know as soon as possible. Together we'll develop strategies to meet both your needs and the requirements of the course.

Basic Needs Statement

For any student who has difficulty affording groceries, accessing sufficient food to eat every day, or who lacks a safe and stable place to live, and if you believe this may affect your performance in this course, you are urged to contact the Dean of Students office for support at 540-231-3787 or complete an [interest form](#) to participate in The Market at Virginia Tech. The Dean of Students, through The Market at Virginia Tech, offers food options and other resources. There is also a [Student Emergency Fund program](#). If you are comfortable in doing so, please notify me or your departmental advisor of your situation. This will enable them to provide any resources they have access to.

Lauren's Promise I will listen and believe you if someone is threatening or harassing you. Lauren McCluskey, a 21-year-old student at the University of Utah and the daughter of economist Jill McCluskey, was murdered on October 22nd, 2018, by a man she briefly dated. I am committed to doing what I can to make sure this does not happen again.

If you are in immediate danger, call 911. If you are experiencing sexual assault, domestic violence, stalking, or harassment you can report it to me. You should be aware that I am a mandatory reporter, which means that I am required to report these instances to the university's Title IX Coordinator or Deputy Title IX Coordinator to investigate. **You can also learn about your options (both on and off-campus as well as confidential or not) at this [link](#).** If you need support for your mental or emotional health for any reason, you can talk to me. You can also find helpful resources at <https://ucc.vt.edu/>.

Tentative Course Topic Outline – Chapters outlined for *Labor Economics* by Borjas

Dates	Lecture Topics	Assignments and Readings
Week I: Aug. 27 th & Aug. 29 th	Introduction to Course Review of Empirical Tools	Chap. 1- Introduction
Week II: Sep. 3 rd & Sep 5 th	Review of Empirical Tools Labor Supply	Chap. 2 – Labor Supply
Week III: Sep. 10 th & Sep 12 th	Labor Supply	Student Presentations 1 Problem Set #1 Due
Week IV: Sep. 17 th & Sep 19 th	Labor Demand	Chap. 3 – Labor Demand
Week V: Sep. 24 th & Sep. 26 th	Labor Demand Labor Market Equilibrium	Student Presentations 2 Chap. 4 – Labor Market Equilibrium
Week VI: Oct. 1 st & Oct. 3 rd	Labor Market Equilibrium	Student Presentations 3 Problem Set #2 Due
Week VII: Oct. 8 th & Oct. 10 th	Midterm 1 Review Midterm 1	Oct. 8 th – Project Proposal Due Oct. 10 th – Midterm 1
Week VIII: Oct. 15 th & Oct. 17 th	Compensating Wage Differentials	Chap. 5 – Compensating Wage Differentials Student Presentations 4
Week IX: Oct. 22 th & Oct. 24 th	Education	Chap. 6 – Education Student Presentations 5 Problem Set #3 Due

Week X: Oct. 29 th & Oct. 31 st	The Wage Distribution	Chap. 7 – The Wage Distribution Student Presentations 6
Week XI: Nov. 5 th & Nov. 7 th	Labor Mobility	Chap. 8 – Labor Mobility Student Presentations 7
Week XII: Nov. 12 th & Nov. 14 th	Labor Market Discrimination	Chap. 9 – Labor Market Discrimination Student Presentations 8 Problem Set #4 Due
Week XIII: Nov. 19 th & Nov. 21 st	Midterm 2 Review Midterm 2	Nov. 21 st – Midterm 2
Week XIV: Nov. 26 th & Nov. 28 th	No Class – Thanksgiving Break	
Week XV: Dec. 3 rd & Dec. 5 th	Additional Topics in Labor Economics	
Week XVI: December 10 th	Final Exam Review	Problem Set #5 Due Dec. 10 th – Final Report Due

Potential Papers for Presentations by Topic

Labor Supply –

1. Nada Eissa and Jeffrey B. Liebman, “Labor Supply Response to the Earned Income Tax Credit”, *Quarterly Journal of Economics*, 1996. [link](#)
2. Jonathan Gruber, “Disability Insurance Benefits and Labor Supply”, *Journal of Political Economy*, 2000. [link](#)

Labor Demand –

1. Daniel S. Hammermesh and Stephen J. Trejo, “The Demand for Hours of Labor: Direct Evidence from California”, *Review of Economics and Statistics*, 2000 [link](#)
2. Jeffrey Clemens and Michael Wither, “The minimum wage and the Great Recession: Evidence of effects on the employment and income trajectories of low-skilled workers”, *Journal of Public Economics*, 2019. [link](#)

Labor Market Equilibrium –

1. Stefan Pichler and Nicolas R. Ziebarth, “Labor Market Effects of US Sick Pay Mandates”, *Journal of Human Resources*, 2020. [link](#)

2. Charles L. Baum II and Christopher J. Raum, “The Effects of Paid Family Leave in California on Labor Market Outcomes”, *Journal of Policy Analysis and Management*, 2016. [link](#)

Compensating Wage Differentials –

1. Haoran He, David Neumark, and Qian Weng, “Do Workers Value Flexible Jobs? A Field Experiment”, *Journal of Labor Economics*, 2021 [link](#)
2. Daniel Wissmann, “Finally a Smoking Gun? Compensating Differentials and the Introduction of Smoking Bans”, *American Economic Journal: Applied Economics*, 2022 [link](#)

Education –

1. Karen Clay, Jeff Lingwall, and Melvin Stephens Jr, “Laws, Education Outcomes, and Returns to Schooling: Evidence from the First Wave of US State Compulsory Attendance Laws”, *Labour Economics*, 2021 [link](#)
2. Damon Clark and Paco Martorell, “The Signaling Value of a High School Diploma”, *Journal of Political Economy*, 2014 [link](#)

The Wage Distribution –

1. Laura Abramovsky, Erich Battistin, Emla Fitzsimons, Alissa Goodman and Helen Simpson, “Providing Employers with Incentives to Train Low-Skilled Workers: Evidence from the UK Employer Training Pilots”, *Journal of Labor Economics*, 2011 [link](#)
2. Ellora Derenoncourt and Claire Montialoux, “Minimum Wages and Racial Inequality”, *The Quarterly Journal of Economics*, 2021 [link](#)

Labor Mobility –

1. Kirk Doran, Alexander Gelber, and Adam Isen, “The Effects of High-Skilled Immigration Policy on Firms: Evidence from Visa Lotteries”, *Journal of Political Economy*, 2022 [link](#)
2. Ran Avramitzky, Leah Boustan, and Katherine Eriksson, “Do Immigrants Assimilate More Slowly Today Than in the Past?”, *American Economic Review: Insights*, 2020 [link](#)

Labor Market Discrimination –

1. Joseph Price and Justin Wolfers, “Racial Discrimination Among NBA Referees”, *The Quarterly Journal of Economics*, 2010 [link](#)
2. Marianna Betrand and Sendhil Mullainathan, “Are Emily and Greg More Employable Than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination”, *American Economic Review*, 2004 [link](#)