

ECON 443: Labor Economics
Winter 2025

Instructor: Yuya Takahashi
Email: ytakahas@uw.edu
Office: Savory 329

The course discusses various issues in labor markets from the perspective of economic theory. We first study the major forces at work that shape labor market behavior; firms' labor demand and workers' labor supply. Then we discuss the equilibrium behavior of employment and wages. Using these tools, we also cover various applied topics in labor economics, such as discrimination, incentive pay, human capital investment, worker mobility, and compensating wage differentials.

Textbook. George J. Borjas, *Labor Economics*, 9th Edition, 2024

Lectures. Lectures will be held in person on Mondays and Wednesdays of the week from 3:30pm – 5:20pm at Savory 138.

Prerequisite. Students are assumed to know basic econometrics, which I will review in the second lecture. For more specific/advanced concepts, I will cover them when needed.

Materials. Each week, class notes are posted one day before each lecture (by noon) on Canvas. Homework assignments and notifications are also available there.

Homework assignments. There will be two problem sets (both analytical and empirical exercises). Students are encouraged to work as a group, but each student should write her/his own answer.

Due dates for assignments:

Homework I	(Jan. 27)
Homework II	(Mar. 3)

Grading.

Homework assignments (2)	30%
Critical Reviews (2)	30%
Group Discussion	40%

Office Hours. Wednesdays (1:30pm Savory Hall, Room 329); or by appointment.

Class format. There are 9 topics covered in this course (besides the Introduction and review of basic econometrics). For each topic, there is one lecture and one discussion class. In lectures, I will cover basic concepts of the topic along the main textbook. In discussion classes, we discuss one assigned article. Each student will choose **two** articles out of the 9 assigned articles and submit a two page critical review of these articles over

the course of the quarter (each report should be around 1,000 words). The report should include a short summary of the article and discuss its strengths and weaknesses. The report of an article should be submitted on Canvas **before** the class in which the article is discussed. In addition, for each article, 2 students will lead the class discussion. However, all students should come to class prepared to discuss the assigned reading and ask questions during the discussion. Please bring a copy of the article to class because we may need to focus on details within it.

Outline Schedule

Part I: Preliminary

- Class 1 (Jan. 6) Introduction: Overview of labor market - Lecture
Borjas, Chapter 1 (excluding Appendix), pp. 1-10
Review of basic econometrics
- Class 2 (Jan. 8) Labor Supply – Lecture
Borjas, Chapter 2 pp. 23-80
- Class 3 (Jan. 13) Labor Supply – Discussion
Eissa, Nada and Jeffrey B. Liebman, "Labor Supply Response to the Earned
Income Tax Credit," *Quarterly Journal of Economics*, 111(2), May 1996, 605-
637.
- Class 4 (Jan. 15) Labor Demand – Lecture
Borjas, Chapter 3 pp.81-128
- Lecture 5 (Jan. 20) Labor Demand – Discussion
Card, David and Alan B. Krueger, "Minimum Wages and Employment: A Case
Study of the Fast-Food Industry in New Jersey and Pennsylvania," *American
Economic Review*, 84(4), September 1994, 772-93.
- Lecture 6 (Jan. 22) Labor Market Equilibrium – Lecture
Borjas, Chapter 4 pp.129-180
- Lecture 7 (Jan. 27) Labor Market Equilibrium – Discussion
Anderson, Patricia, and Bruce Meyer "Unemployment Insurance Tax Burdens
and Benefits: Funding Family Leave and Reforming the Payroll Tax," *National
Tax Journal* 59 (March 2006) 77-95.
- Lecture 8 (Jan. 29) Introduction to statistical/regression analysis - Lecture
Borjas, Appendix to Chapter 1
- Lecture 9 (Feb. 3) Compensating Wage Differentials – Lecture

Borjas, Chapter 5 pp. 181-212.

Lecture 10 (Feb. 5) Compensating Wage Differentials – Discussion

Olson, Craig “Do Workers Accept Lower Wages in Exchange for Health Benefits?” *Journal of Labor Economics* 20 (April 2002, part 2): S91-S114.

Lecture 11 (Feb. 10) Human Capital – Lecture

Borjas, Chapter 6, pp. 213-251

Lecture 12 (Feb. 12) Human Capital – Discussion

Maurin, Eric and Sandra McNally, “Vive la Révolution! Long-Term Educational Returns of 1968 to the Angry Students,” *Journal of Labor Economics*, Vol. 26, No. 1 (January 2008), pp. 1-33.

Arcidiacono, Peter, Jane Cooley, and Andrew Hussey, “The Economic Returns to an MBA,” *International Economics Review* 49(3) (August 2008), pp. 873-899.

Lecture 13 (Feb. 19) Presentation of an economist from the Department of Economics (the speaker is TBD)

Lecture 14 (Feb. 24) Wage Distribution – Lecture

Borjas, Chapter 7, pp. 252-287.

Lecture 15 (Feb. 26) Wage Distribution – Discussion

Wojciech Kopczuk, Emmanuel Saez and Jae Song, “Earnings Inequality and Mobility in the United States from Social Security Data Since 1937,” *Quarterly Journal of Economics* 125 (February 2010), pp. 91-128.

Lecture 16 (Mar. 3) Labor Mobility – Lecture

Borjas, Chapter 8 pp. 288-317, Chapter 4 pp. 164-182.

Lecture 17 (Mar. 5) Labor Mobility – Discussion

Card, David, “The Impact of the Mariel Boat-Lift on the Miami Labor Market,” *Industrial and Labor Relations Review*, 43(2) (January 1990), pp. 245-257.

Lecture 18 (Mar. 10) Discrimination – Lecture

Borjas, Chapter 9 pp. 318-360.

Lecture 19 (Mar. 12) Discrimination – Discussion

Goldin, Claudia and Cecilia Rouse, “Orchestrating Impartiality: The Impact of Blind Auditions on the Sex Composition of Orchestras,” *American Economic Review* 90 (4) (September 2000), pp. 715-741.