LABOR ECONOMICS II
University of Houston
Economics 8365

Professor Adriana Kugler

Spring 2009
Mondays and Wednesdays 10:00-11:30
212 McElhinney Hall

This course is the second course in a year-long sequence in labor economics. In the first course, Professor Juhn has covered the building blocks in the field of labor economics. In the second course we will cover additional topics, including: wage differentials, persistence in inequality and social mobility, immigration, and the impact of institutions on inequality and unemployment. Topic 1 focuses on explanations of wage differentials, including: schooling, on-the-job training, and industry and establishment wage differentials, and discrimination. Topic 2 presents new developments on the intergenerational transmission of inequality and the role of social capital in generating persistence in inequality. Topic 3 focuses on immigration not only in terms of the impact of immigrants on natives but also in terms of how immigrants fare in the labor market themselves and how they contribute back in their countries. Topic 4 deals with the impact of institutions on inequality and unemployment. Class readings will be based on papers published in journals or books. Readings marked with an asterisk will be covered in detail in class and are posted in my website, all other readings are optional.

Learning Outcomes:

1. To employ the appropriate methods, techniques, and data that social and behavioral scientists use to investigate the human condition.

2. To use and critique alternative explanations or theories.

3. To recognize and apply reasonable criteria for the acceptability of evidence in social research.

Office Hours: Thursdays 2:00-3:30 p.m.

Course Requirements:

Paper (70%)
Participation and referee reports (30%)

Participation will come from your participation in class as well as from attendance to the micro seminars (I’ll keep mental attendance), which are generally held on Tuesdays at 3:30 p.m. In addition, I’ll ask you to write one referee report on any of the papers presented in the Applied Seminar. I will be working closely with each student on your paper in terms of identifying a topic, data sources and working on the estimation. For those of you who took the first course in Labor Economics, you will have the option of continuing to work on the project you started last semester.
Syllabus

I. Wage Differentials

A. Human Capital: Schooling and Training


B. Turnover, Matching, and Returns to Tenure


C. Employer Wage Differentials: Compensating Differentials, Efficiency Wages, and Rent-Sharing


**D. Discrimination**


II. Social Capital and the Persistence of Inequality

A. Intergenerational Transmission of Inequality


B. Neighborhood Effects and Ghettoes


III. Immigration

A. Impact of Immigration on Natives’ Labor Market


**B. Impact of Immigration on other Markets**


**C. Immigrant Self-Selection, Earnings and Assimilation**


**D. Inter-generational Mobility of Immigrants**


**E. Effects of Immigrants on Development in Home Economies**


IV. The Role of Institutions in the Labor Market

A. The Impact of Institutions on Inequality


B. Institutions and Unemployment

1. Firing Costs and Temporary Contracts


2. Payroll Taxes


3. Unemployment Benefits


4. Minimum Wages


