

## Graduate Labor Economics 1: Fall 2019

Professor Teresa Ghilarducci

New School for Social Research  
Mondays 1:55 – 3:45 (August 26 – Dec. 16 )  
Room 1009 6 east 16<sup>th</sup> street

Labor Economics 1 is a graduate survey course in labor economics. The course aims to survey the classic topics in labor economics to prepare students to engage in original research and teach labor economics at the undergraduate level in several economic traditions. The successful student will be able to distinguish between several schools of thought in labor economics: neoclassical, institutionalism, and radical political economy.

Specific objectives include understanding modern research methods in labor economics and the dominant and heterodox models of labor markets. Students will be able to explain the most important labor market outcomes using various analytical frameworks including ones that assume varying degrees of market power, full employment, and constraints on choice. Some labor union history, regulatory issues will also be covered.

Modern capitalism distributes resources in such a way that living standards (5 “s’s” of work), not only in terms of material well-being (salary), but also in terms of security, dignity (status), safety (morbidity and longevity), and human potential (satisfaction) may have never been more unequal. We cover how markets, institutions, and rules affect the power balances between capital and labor, employers and workers and determine the value of people’s time and life, and working conditions and wages and salaries.

Every class asks students to do three things: identify the issue, apply economic concepts, and use economic analysis to answer the question.

### Requirements

- Each student should read the material prior to class and be prepared with questions and critical analysis.
- Each student will present one or more pieces of data or critical background or mathematical presentation on various topics throughout the semester. (Please review and choose among the “Numbers to Know” section)
- There will be one policy debate on the question: Should the federal government implement a universal basic income?
- The grade will be based on class participation presentations (10%), 5 problem sets (40%), the policy debate (20%), and the final exam (30%).

Problem Sets and exam. The 5 problem sets are returned by email this subject line: number of assignment and your last name -- # ‘assignment’ ‘your last name’ -- for example: “1

**assignment Abbas.”** (For planning purposes note: there are 5 assignments due Friday by COB am after the material is covered in class on Wednesday.)

### Required Textbooks

Bruce Kaufman and Julie Hotchkiss (Sixth or fifth editions are fine and cheaper!) *The Economics of Labor Markets*, Thompson South Western.

Alan Manning. *Monopsony in Motion*, Princeton University Press

Class at a glance. Each lecture answers at least one question and a student presents data related to the lecture.

<b>1</b>	Aug. 26	<b>Puzzles in Labor Markets and Social Insurance Reflecting the Balance of Power Between Labor and Capital.</b> Introduction to the Class and telescoping the debate Nov. 11 and 18.
<b>2</b>	Sept. 2	Labor day
<b>3</b>	Sept. 9	Why do workers work more and harder? (Labor Supply- Intensive) <b>(Assignment 1 due Friday September 20 (Hint it is long so I recommend you do the first part soon after this lecture))</b>
<b>4</b>	Sept. 16	Why do people sell their labor power? Why won't Danny get off his mother's couch and go to work? (Labor Supply- Extensive)
<b>5</b>	Sept. 23	How high can pay go? (Short run demand for labor under different product market structures and perfect competition) <b>(Assignment 2 due week of Sept. 30 )</b>
Special Guest	<b>Sept. 25</b>	<b>Suresh Naidu "Terms of Service: Free and Unfree Labor in America from 1850 to 2100"</b>
<b>6</b>	Sept. 30	Rosh Hashanah NO CLASSES instead - Suresh Naidu Lecture
<b>7</b>	Oct. 7	How high can pay go in the long run before employers go out of business?) And will universal basic income or job guarantees be necessary if businesses substitute robots for labor?
<b>8</b>	Oct. 14	What do bosses do? Why have firms and workers at all? <b>(Assignment 3 due October 18)</b>
<b>9</b>	Oct. 21	Why don't workers get paid what they are worth? (Effect of bargaining power and fall back positions, asymmetric information, unions, regulations, monopoly power of super firms and rents on pay and employment)
<b>10</b>	Oct. 28	Why dangerous jobs are paid so little and pleasant jobs so much? <b>(Assignment 4 due Nov 1)</b>
<b>11</b>	Nov. 4	Are most Americans overeducated? And when do employers train for the job and when do they expect workers to do their own training? (human capital and general and specific skills)
<b>12</b>	Nov. 11	<b>Debate: Resolved: The federal government should implement a Universal Basic Income.</b>
<b>13</b>	Nov. 18	<b>Debate: Resolved: The federal government should implement a Universal Basic Income.</b>
<b>14</b>	Nov. 25	Individual Meetings Happy Thanksgiving! Extra credit: How does Thanksgiving (and paid time-off) effect the labor/capital relations?
<b>15</b>	Dec. 2	Who wins and who loses from structural racism and sexism in labor markets? (Economics of non-productivity based and illegal labor)

		discrimination.) BILL PBS mentoring middle school teachers
<b>16</b>	Dec. 9	What do unions do? How do you know workers are gaining or losing bargaining power? ( <b>Assignment 5 due Dec. 13</b> )
<b>17</b>	Dec. 16	Is there a tradeoff between unemployment and inflation and how do employers use unemployment as a discipline device?
		Three hour, closed book, honor system take home exam or a quantitative paper (or both!)

### TIME LINE OF ASSIGNMENTS

- 1) #1 assignment is about labor supply: both the labor force decision and the hours of work to decision **Due Friday September 20** (This one is long and a bit tedious)
- 2) #2 assignment concerns the short and long-term demand for labor. How much can employers afford to pay? And, if wages increase, will employers substitute capital for labor? **DUE WEEK OF September 30**
- 3) #3 assignment concerns how managers and firms determine compensation in non-perfect labor and product markets. What Do Bosses do? **DUE October 18**
- 4) #4 assignment concerns the returns to firm and individual human capital investments, traditional economic complaints about labor regulations, and the theory of compensating wage differentials **DUE NOVEMBER 1**
- 5) Debate **NOVEMBER 11-18**
- 6) #5 concerns the role of unions in labor markets **DUE DECEMBER 13**

### **Week 1 How is proletarianization of people essential for capitalists and what effect does the social wage have on labor supply? A review**

Kaufman and Hotchkiss, Chapter 1, “Introduction to Labor Market Traditions”

Employers try to create monopsonies, this is a short piece.

<http://equitablegrowth.org/equitablog/monopsony-market-power-labor-market/>

Manning, Alan. Monopsony in Motion. Discussion of the conceptual issues involved in measuring the unemployed appear in sections 9.2 9.3 and 9.4, 9.5 and 9.6 on pages 245 to page 264. This is an advance discussion and will be presented in section 14 but is important to be now as you follow the unemployment statistics **on the first Friday of every month during the class.**

José Azar, Steinbaum and Ioana Marinescu, [Labor Market Concentration](#) examines the prevalence of labor market monopsony in the U.S. and find that higher labor market concentration is associated with significantly lower real wages.

### OPTIONAL

Council of Economic Advisers Issue Brief. The White House. October. 2016. Labor Market Monopsony: Trends, Consequences, and Policy Responses

[https://obamawhitehouse.archives.gov/sites/default/files/page/files/20161025\\_monopsony\\_labor\\_mrkt\\_cea.pdf](https://obamawhitehouse.archives.gov/sites/default/files/page/files/20161025_monopsony_labor_mrkt_cea.pdf)

[The New York Times](#) elevates the fact that corporate consolidation is not just a consumer problem. This behavior holds workers—and their wages—back, especially in rural America.

[The Economist](#) ties our research findings to mega-corporations. As demonstrated by tech giant Amazon, when a firm “is the only major employer in the cities and towns where it operates, the company can offer wages that are well below those of its competitors.”

Supplementary: the classics:

- Marx, Karl. Written in 1844 published in 1927. “Estranged or Alienated Labor.” <https://www.marxists.org/archive/marx/works/1844/manuscripts/labour.htm>
- \*Bowles Samuel and Gintis, Herb Gintis, 1977. "Heterogeneous Labor and the Labor Theory of Value: a Critique and reformulation" *Cambridge Journal of Economics* 1(2) 173-92.
- \*Shaikh, Anwar. 1990. “Abstract Labour and Concrete Labour. *Marxian Economics A New Palgrave Macmillian Press* pp. 42-43

## **Week 2 Labor Day Week 2 History and Celebration**

### **Week 3 Why do workers work more and harder? Labor Supply – Intensive**

The overall level of work activity is divided into two concepts: the number of individuals at work and the intensity of work supplied by worker. People decide whether to work and, once they are working, how much to work. These two concepts are referred to, respectively, as the extensive and intensive margin of labor supply. At the aggregate level extensive supply is typically measured by the number of individuals in paid employment (and searching for work – labor force participation) and the later by the average number of working hours in a day, week, year, or lifetime!

Kaufman and Hotchkiss Chapter 2, “Hours of work”,

[Alesina, “Why Do Americans Work so Hard”](#) 2005

Blog about why people aren’t working <http://www.voxeu.org/article/decline-labour-force-participation-us> and

Numbers to know

1, Part time and full time work. Trends in American average working hours per week and year and lifetime. Compare to the OECD

*Supplementary*

W. Arthur Lewis. 1954. "Economic Development With Unlimited Supplies of Labor" *Manchester School*

**Week 4 Why do people sell their labor power? Why won’t Danny get off his mother’s couch and go to work? Extensive (Hint: the theory of labor supply.)** If wages were cut one cent would a firm lose all of its workers? How elastic is the labor supply curve? This class is a review of neoclassical supply for labor and helps answer the question about whether there is a there a labor leisure tradeoff and what makes people work?

Manning, Chapters 1, 2

Kaufman and Hotchkiss Chapter 3, “Labor Force Participation”

Council of Economic Advisors 2016 . The Decline in Labor Force Participation

[https://obamawhitehouse.archives.gov/sites/default/files/page/files/20160620\\_cea\\_primeage\\_male\\_lfp.pdf](https://obamawhitehouse.archives.gov/sites/default/files/page/files/20160620_cea_primeage_male_lfp.pdf).

Debate: Popular coverage of the report Krueger Alan 2017 Unhealthy Men and Labor Force Participation - *The Atlantic* <https://www.theatlantic.com/business/archive/2017/03/mortality-of-american-men-and-the-labor-force/520329/>

Retort: <http://cepr.net/blogs/beat-the-press/the-problem-of-focusing-on-men-not-working>

Alan Krueger’s blog on participation: Employment-<https://www.bls.gov/opub/btn/volume-4/people-who-are-not-in-the-labor-force-why-arent-they-working.htm> Alan-B-Krueger.pdf

EPI describes where people are getting their income. Sweating!

<http://www.epi.org/publication/longer-hours-not-higher-wages-have-driven-modest-earnings-growth-for-most-american-households>

*Supplement: \*Working Longer in the U.S.: Trends and Explanations Courtney Coile NBER Working Paper No. 24576 2018 Over the past two decades,.* <http://www.nber.org/papers/w24576>

Numbers to Know

Are American people working more – selling their labor power more?

BLS and Economic Policy Institute for links. Here is a link to the most recent White House Analysis about labor participation in the

US [https://www.whitehouse.gov/sites/default/files/docs/20150806\\_labor\\_force\\_participation\\_reirement\\_research\\_consortium.pdf](https://www.whitehouse.gov/sites/default/files/docs/20150806_labor_force_participation_reirement_research_consortium.pdf)

LFP: Summary of trends in labor force participation

### **Week 5 How low can pay go? How much can employers pay in the short run.**

Labor Demand: How elastic is the demand curve for labor now in the US? This class is a review of the microeconomics of firms’ demands for factors of production, namely labor with emphasis on the differences between the perfectly competitive case and the case where firms have power. Students will know the Marshallian Determinants of labor demand. We will use the story of the PATCO strike to illustrate the determinants of demand. Expectation: I hope that every student would be able to answers to the basic question: Show in the neoclassical labor economics model if wages are dropped by a nickel a firm won’t have any workers. Why, in the model, do workers get paid exactly what they are worth and no more and no less? Why does consumer demand always determine what people are worth? In other words, why in a neoclassical class does filling in the blank with “Derived” always garner 15 points!

Chapter 4, “Demand for Labor in the Competitive model” Kaufman and Hotchkiss, and my own description of the PATCO Strike and Alfred Marshall .

Nice, basic essay. Nagatani, K. 1978. Substitution and scale effects in factor demands. *The Canadian Journal of Economics* 11 (3): 521–527. [CrossRef](#) (supplementary) Nickell, S. 1999. Product markets and labour Markets. *Labor Economics* 6:1–20. (Elsevier). [CrossRef](#)

You can hire immigrants or train. Casselman, Ben. [Robots or Training](#) New York Times June 25  
Cohen. P. 2017. [If Workers Are Scarce, Is It the Work or the Wages?](#) JULY 13

### **Week 6 Rosh Hashanah Suresh Naidu on September 25 replaces this class**

### **Week 7 How low can pay go? How much can employers pay before they go out of business in the long run.**

Chapter 5, “Demand for Labor in The Long Run” Kaufman and Hotchkiss,

Oi, Walter 1965. "Labor as A Quasi-Fixed Factor" reprinted Readings in Labour Economics editor J.E. King, Oxford, Oxford University Press, 1980, p. 87-107.

### **Will robots replace workers?**

The goals for this section of the class is for students to be able to answer the questions: Do we need universal basic income because robots displace human labor? (Hint, Robots will displace some workers and UBI will suppress labor supply.)

Working Paper No. 902 The Job Guarantee: Design, Jobs, and Implementation Pavlina R. Tcherneva Levy Economics Institute of Bard College

Why Are There Still So Many Jobs? The History and Future of Workplace Automation† 2015. David H. Autor *Journal of Economic Perspectives*—Volume 29, Number 3—Summer 2015—Pages 3–30 <https://www.aeaweb.org/articles.php?doi=10.1257/jep.29.3.3> (Autor and robots)

Numbers to Know:

Which sectors of the economy employ the most people? Where have jobs expanded and shrunk. What has happened to pay in the shrinking sectors?

The share of the workforce work in low paying” jobs (check definition of OECD) What is a good job:<http://economistsview.typepad.com/economistsview/2015/08/shifting-visions-of-the-good-job.html> and a chart of real minimum wage trends relative to median pay.

### *Supplementary*

\* *Autor and*

*Salomons\_Does\_productivity\_growth\_threaten\_employment\_Final\_Draft\_20170619.pdf*

*Hicks, JR. 1964 The Theory of Wages second edition 1964*

\**Hall, R. and E. Lazear. 1974. "The Excess Sensitivity of Quits and Layoffs to Demand Journal of Labor Economics 2: 233-57*

\**Boal, William and Ransom, Michael. 1997. "Monopsony in the Labor Market". Journal of Economic Literature. (March), p. 86-112.*

### **Week 8 What do bosses do? Why have firms and workers at all?**

Gabaix X, Landier A, Sauvagnat J. CEO Pay and Firm Size: An Update after the Crisis. Economic Journal. 2014;124 :F40-F59.

Bakija, Jon, Adam Cole, and Bradley T. Heim. 2012. "Jobs and Income Growth of Top Earners and the Causes of Changing Income Inequality: Evidence from U.S. Tax Return Data." <http://web.williams.edu/Economics/wp/BakijaColeHeimJobsIncomeGrowthTopEarners.pdf>.

Chapter 10 Kaufman. "The Economics of HR Practices 2006.

Marglin, Stephen. What Do Bosses Do?

Alchian and Demsetz. 1972. Production, information costs, and economic organization. American Economic Review 62 (December): 777-795.

Lazear, Edward. 1991. "Labor Economics and the Psychology of Organizations." Journal of Economic Perspectives, 5, 2 (Spring), p. 89-110.

Taylor, Fredrick. 1911. (Chapter 1 from Principles of Scientific Management published in 1911 Frederick W. Taylor, The Principles of Scientific Management (New York: Harper Bros., 1911): 5-29 available on the Internet Modern History Sourcebook,

<https://www.marxists.org/reference/subject/economics/taylor/principles/ch01.htm>

<https://study.com/academy/lesson/fredrick-taylor-management-maximizing-productivity-efficiency.html> Lenin and Mussolini agree! Gramsci too. <http://kikim.com/project/stopwatch/>

Very short and real world stories we will refer to.

Employers try to create monopsonies. <http://equitablegrowth.org/equitablog/monopsony-market-power-labor-market/>

<https://www.law.com/therecorder/2018/06/12/the-associate-salary-arms-race-is-a-mass-act-of-self-harm/>

<http://arks.princeton.edu/ark:/88435/dsp01gx41mm54w> Note: Put another way, even if labor market pressures are tending to push up employee pay, if we all coordinate and refuse to do so, we'll be better off as employers.

Measuring pay between CEO and workers as Dodd Frank does it matter?

<https://www.nytimes.com/2018/05/25/business/highest-paid-ceos-2017.html>

The Economist series of articles on profits being too high because of the industrial organization of firms:

-The Problem with profits: <http://www.economist.com/news/leaders/21695392-big-firms-united-states-have-never-had-it-so-good-time-more-competition-problem>

-Too much of a good thing: <http://www.economist.com/news/briefing/21695385-profits-are-too-high-america-needs-giant-dose-competition-too-much-good-thing>

-Unfavorable trade winds: <http://www.economist.com/news/britain/21695544-it-would-be-hard-britain-negotiate-good-trade-deals-post-brexite-unfavourable-trade-winds>

Numbers to know

In it together? <http://www.economist.com/news/britain/21695538-balance-tax-and-welfare-changes-tilting-further-favour-rich-it-together>

Wages have stagnated in America, more than most other rich countries. Data on wage stagnation: <http://www.epi.org/publication/charting-wage-stagnation>

Wages and Productivity gap and CEO Pay is meant to imply some relationship. Let the class speculate after the data is presented.

### **Week 9 Why don't people get paid what they are worth?**

Basic Monopsony Concepts and Self Tests Work sheet on Monopsony. A great few pages to give yourself a way to self test the concept of monopsonies.

[http://www.cengage.com/resource\\_uploads/downloads/142406872X\\_172107.pdf](http://www.cengage.com/resource_uploads/downloads/142406872X_172107.pdf)

Bowles, S. (2004). *Microeconomics: Behavior, institutions, and evolution*. Princeton, NJ Princeton University Press.

Manning, Chapter 5. The wage policies and employers. To maximize profits employers employed techniques to become discriminating monopsonists.

Kauffman and Hotchkiss Chapter 6 – The Determination Of Wages. Section on Monopsony and minimum wage is particularly complementary to Mannings Chapter 5 on Wage policies of employers

Du Caju, Philip & Rycx, François & Tojerow, Ilan, 2009. "Inter-industry wage differentials: how much does rent sharing matter?," Working Paper Series 1103, European C

David W. Berger, Kyle F. Herkenhoff, Simon Mongey Labor Market Power. NBER Working Paper No. 25719 October 2019

Institutions Set Pay: <https://www.nytimes.com/2014/10/28/business/international/living-wages-served-in-denmark-fast-food-restaurants.html>

Rubery, Jill, 1978. "Structured Labour Markets, Worker Organisation and Low Pay." Cambridge Journal of Economics [0309-166X] vol.2 iss.1 pg.17 -36

Doeringer, Peter and Michael Piore. 1971 "Internal Labor Markets" reprinted in Readings in Labour Economics editor J.E. King, Oxford, Oxford University Press, 1980.

In Strong Employers and Weak Employees: How Does Employer Concentration Affect Wages? (NBER Working Paper No. 24307), Efraim Benmelech, Nittai Bergman, and Hyunseob Kim analyzed county-level census data for industrial firms for the period 1977 to 2009 to study the impact of employer concentration on wages in local labor markets. By focusing on manufacturing, they were able to control directly for worker productivity.

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#### **\*What Monopsony Power In The Labor Market Looks Like, Scott Sumner ...**

[econlog.econlib.org/archives/2017/06/what\\_monopsony.html](http://econlog.econlib.org/archives/2017/06/what_monopsony.html) Jun 13, 2017 - The concept of "MONOPSONY power", which means the buyer can influence the price of what they buy. It is the buyer side equivalent of sellers having "monopoly power". Many **PEOPLE** seem to assume that only monopolies have monopoly power.

Bronfenbrenner, Martin. 1956. "Potential Monopsony in Labor Markets" Industrial and Labor Relations Review



Slate asks, “Why Is It So Hard for Americans to Get a Decent Raise?”—and finds the answer in our research. The piece explains how our findings “could have important implications for how we think about antitrust, unions, and the minimum wage.”

### Supplement

Cain, Glen. 1987. "Segmented Labor Markets" in *Social Economics: The New Palgrave London, MacMillian Lmtd.*)

Reich, M. Edwards, R., and Gordon, D. 1973. "A Theory of Labor Market Segmentation." *American Economics Review*. Vol. 62. No. 2. May. 359-65.

\*Jacoby, Sanford. 1985. "The Way It Was" and Chapter 2 "Systematic Welfare and Management and Welfare Work" in *Employing Bureaucracy* Columbia University Press, :13-64

### Numbers to Know

Average wage of male high school educated men by industry.

## **Week 10 Why dangerous jobs are paid so little and pleasant jobs so much?**

The strange and compelling theory of occupational wage differentials. How can labor regulation hurt workers?

Smith, Adam. 1776. *The Wealth of Nations* Chapter Ten. Part 1.

Kaufman, Chapter 8\*, “Occupational Wage Differentials”

Harris, Gardiner. 2006. “Endemic Problem of Safety in Coal Mining” January 10 New York Times “Is OSHA working for working people?: hearing before the Subcommittee on Employment and Workplace Safety of the Committee on Health, Education, Labor, and Pensions, United States Senate, One Hundred Tenth Congress, first session, on examining the effectiveness of the Occupational Safety and Health Administration (OSHA), April 26, 2007.

Anthony Heyes, 2005. The Economics of Vocation or ‘Why Is A Badly Paid Nurse A Good Nurse?’, *Journal of Health Economics*, Volume 24, Issue 3, May 2005, Pages 561-569, ISSN 0167-6296, DOI:

10.1016/j.jhealeco.2004.09.002. (<http://www.sciencedirect.com/science/article/B6V8K-4F02M4X-1/2/e63b757297f60612ef5425848861d75d>)

<http://www.epi.org/blog/californias-nurse-to-patient-ratio-law-reduced-nurse-injuries-by-more-than-30-percent/>

Quinlan, Michael. 1999. “The Implications of Labor Market Restructuring in Industrialized Societies for Occupational Health and Safety”. P. 430-452.

<http://eid.sagepub.com/content/20/3/427.full.pdf>

### **Numbers to know**

What are the most dangerous jobs in the US/ OECD? Do they pay for the danger?

History of health and safety regulations?

### Week 11 Are Americans overeducated?

[Is College Still Worth It?](#) The New Calculus of Falling Returns May 24, 2018 William R. Emmons, Ana H. Kent and Lowell R. Ricketts Center for Household Financial Stability Federal Reserve Bank of St. Louis [www.stlouisfed.org/hfs](http://www.stlouisfed.org/hfs)

Manning chapter 6 – earnings in the lifecycle deals with what many considers is something seriously wrong with the judicial interpretation of the returns to experience and job tenure. Exam in figure 6.8. And 6.3.

Manning, Chapter 11, “Human Capital and Training”

Kauffman and Hotchkiss, chapters 7. Education, training, and earnings differentials: the theory of human capital

Cappelli, Peter. 2012. Chapter 5. A Training Gap, Not a Skills Gap

Supplementary Readings.

Rosen, Sherwin. 1987. "Human Capital" in Social Economics: The New Palgrave London, MacMillian Lmtd.:136-155.

Holtzer, Harry. 2013. “Skill Mismatches in Contemporary Labor Markets: How Real? And What Remedies?” Georgetown University and American Institutes of Research November 2013

Numbers to Know

Trends in American education levels

Trends in rates of return for college

### Week 12 13 Debate rules and check out Intelligence square debates

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**PROPOSITION: THE UNITED STATES GOVERNMENT SHOULD IMPLEMENT A \$1000 PER MONTH UNIVERSAL BASIC INCOME**

Examples:

[www.intelligencesquaredus.org/debates/abolish-minimum-wage](http://www.intelligencesquaredus.org/debates/abolish-minimum-wage) It means that companies that hire minimum wage **WORKERS** are going to make smaller ... If you raise the price of teenage **LABOR**, there's simply going to be less ...

[www.intelligencesquaredus.org/debates/universal-basic-income-safety-net-future](http://www.intelligencesquaredus.org/debates/universal-basic-income-safety-net-future)

A **DEBATE** from **INTELLIGENCE SQUARED U.S.**

### Week 14 Thanksgiving - Holidays and the balance of power between labor and capital

### Week 15 Do firms use structural racism, sexism, and xenophobia to maximize profits?

Using the other: Manning. Chapter 7 gender discrimination labor markets.

Bergmann, B., 1974. *Occupational segregation, wages and profits when employers discriminate by race or sex. Eastern Economic Journal 1, pp. 103–110.*

Joan Robinson. 1933 The Economics of Imperfect Competition Chapter 10 Monopsony Discrimination

#### Gender Optional

- ❖ A good background textbook chapter: \*Blau, Francine and M. Ferber 1986. *The Economics of Women, Men and Work* chap. 3, Prentice Hall.)
  - ❖ Pay equity <https://www.motherjones.com/media/2017/04/equal-pay-day-us-womens-soccer-team-earns-pay-bump/>
  - ❖ Schieder Jessica and Elise Gould 2016. “Women’s work” and the gender pay gap: How discrimination, societal norms, and other forces affect women’s occupational choices—and their pay <http://www.epi.org/publication/womens-work-and-the-gender-pay-gap-how-discrimination-societal-norms-and-other-forces-affect-womens-occupational-choices-and-their-pay/>
  - ❖ Kahn 2015 [http://irs.princeton.edu/Conferences/PDII/blau\\_kahn\\_pdiifigures\\_tables\\_sept\\_2008.pdf](http://irs.princeton.edu/Conferences/PDII/blau_kahn_pdiifigures_tables_sept_2008.pdf)
- Becker, Gary Stanley. 1971. “The Forces Determining Discrimination in the Market” place reprinted in *The Essence of Becker*. Edited by Ramon Febrero and Pedro S. Schwartz. Foreword by John Raisian. Stanford: Hoover Institution Press, 1995; 403-15.
- Figart, Deborah M; Mutari, Ellen. 2005. “Rereading Becker: Contextualizing the Development of Discrimination Theory” *Journal of Economic Issues*. June; 39(2): 475-8

#### Race and Ethnicity

Aja, Alan & Bustillo, Daniel & Darity, William, Jr. & Hamilton, Darrick. "From a Tangle of Pathology to a Race-Fair America." *Dissent*, vol. 61 no. 3, 2014, pp. 39-43. Project MUSE, doi:10.1353/dss.2014.0065

- ❖ Diette, Goldsmith, Hamilton, Darity Jr. 2015 *Skin Shade Stratification and the Psychological Cost of Unemployment: Is there a Gradient for Black Females?* *The Review of Black Political Economy* June 2015, Volume 42, Issue 1–2, pp 155–177 | Cite as

#### Supplementary

- Ghilarducci, T; Lee, M. 2005. “Female Dual Labour Markets and Employee Benefits.” *Scottish Journal of Political Economy*. February 2005; 52(1): 18-37
- Mincer and S. Polachek 1974 "Family investments in human capital: earnings of women" reprinted in *Economics of Women and Work*, editor, Alice H. Amsden NY: Penguin, 1980.:169-206
- Paula England. 1984. "The Failure of Human Capital Theory to Explain Occupational Sex Segregation" *Journal of Human Resources* 18(3):358-370
- <https://www.eurofound.europa.eu/publications/report/2018/discrimination-against-men-at-work-experiences-in-five-countries>  
[https://www.eurofound.europa.eu/sites/default/files/ef\\_publication/field\\_ef\\_document/ef18046en.pdf](https://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef18046en.pdf) short report investigates whether men face discrimination based on sex in the workplace.

- *Immigrants: Borjas, George. The Wage Impact of the Marielitos: A Reappraisal NBER Working Paper No. 21588 Issued in September 2015*  
<http://www.nber.org/papers/w21588>
- *Card, David. 1990. The Impact of the Mariel Boatlift on the Miami Labor Market. Industrial and Labor Relations Review, Vol 43, pp 245-257.*  
<http://davidcard.berkeley.edu/papers/mariel-impact.pdf>
- *Boustan, Leah. 2009. "Competition in the Promised Land: Black Migration and Northern Labor Markets, 1940-1970." Journal of Economic History, 2009*  
[http://www.econ.ucla.edu/lboustan/research\\_pdfs/research03\\_competition.pdf](http://www.econ.ucla.edu/lboustan/research_pdfs/research03_competition.pdf).
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<http://www.nber.org/papers/w11712.pdf>)

Pay gap between blacks and whites, male and female full-time workers by education.
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### **Week 16 What do unions do?**

Trade union membership has been declining since the 1980s. Recently, however, there has been renewed interest in the potential of collective bargaining to address rising wealth inequality and poor wage growth. This column presents an OECD report on collective bargaining institutions and practices across member countries and selected emerging economies. Despite substantial variation across member countries, the overall pattern is one of a broad decline in the use of collective bargaining to set the terms of employment.

It is well-documented that, since at least the early twentieth century, U.S. income inequality has varied inversely with union density. But moving beyond this aggregate relationship has proven difficult, in part because of the absence of micro-level data on union membership prior to 1973. Unions are thought to redistribute income from owners to workers, but there is no correlation across countries between the change in labor's share of G.D.P. since 1980

<https://www.nytimes.com/2017/11/17/upshot/income-inequality-united-states.html>

Basic Monopsony Concepts and Self Tests Work sheet on Monopsony. A great few pages to give yourself a way to self test the concept of monopsonies.

[http://www.cengage.com/resource\\_uploads/downloads/142406872X\\_172107.pdf](http://www.cengage.com/resource_uploads/downloads/142406872X_172107.pdf)

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In These Times (short article): *The PATCO Strike, Reagan, and the Roots of Labor's Decline* [http://inthesetimes.com/working/entry/12208/the\\_patco\\_strike\\_reagan\\_and\\_the\\_roots\\_of\\_labor\\_decline](http://inthesetimes.com/working/entry/12208/the_patco_strike_reagan_and_the_roots_of_labor_decline)

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[http://teresaghilarducci.org/images/documents/Publications/Industrial\\_Relations\\_When\\_Management\\_Strikes.pdf](http://teresaghilarducci.org/images/documents/Publications/Industrial_Relations_When_Management_Strikes.pdf)

The state of trade unions, employer organisations, and collective bargaining in OECD countries Sandrine Cazes, Andrea Garnero, Sébastien Martin 10 July 2017 <https://voxeu.org/article/trade-unions-employer-organisations-and-collective-bargaining-oecd-countries>

*Supplementary*

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\* Freeman, Richard B. 2005. *What Do Unions Do?: The 2004 M-Brane Stringtwister Edition National Bureau of Economic Research, Inc, NBER Working Papers: 11410 200*

\* Ulman, Lloyd. 1990. "Labor Market

Numbers to Know

Union density by sector of the economy; Union wage premia

### **Week 17 Is there a tradeoff between unemployment and inflation or do employers use unemployment as a discipline device?**

Stiglitz, "Equilibrium Unemployment as a Discipline Device"

Olivier Blanchard and Lawrence F. Katz 1999. Wage Dynamics: Reconciling Theory and Evidence, *The American Economic Review* Vol. 89, No. 2, Papers and Proceedings of the One Hundred Eleventh Annual Meeting of the American Economic Association (May, 1999), pp. 69-74 Article Stable URL: <http://www.jstor.org/stable/117083>

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Numbers to Know:

The unemployment rate is composed of what components. Who is idle?

If prime age men who are working part time not from choice were counted as unemployed how much would the unemployment rate increase.

Inflation and unemployment trends – where is the Phillips curve?

### **Synthesis Take home Final:**

#### **Resources:**

The University Learning Center provides individual tutoring sessions in writing, ESL, math and economics. Sessions are interactive, with tutor and student participating equally. Appointments can be scheduled via Starfish or stop by for a walk-in session, available every hour from 10:00am to 7:00pm. The ULC is located on the 6th floor of 66 West 12th Street. For more information, please visit the Center's website:<http://www.newschool.edu/learning-center/>.