Labor Economics EC34001  
Fall Semester 2012  
Professor Francis M. McLaughlin  
Department of Economics  
Boston College  
Class Time: MWF at 2 p.m.  
Class Room: Fulton 135  
Office: 480M Maloney Hall  
Office hours: MWF 3-5 p.m.

Grades will be based on a comprehensive final exam and on two preliminary exams. The final exam will count for 40 percent of the total examination score. The preliminary exams will each count for 30 percent. Exams will be based on the material covered in class and on the readings. Students are expected to do all assigned reading, take examinations at the scheduled times, and attend and participate in class. Attendance and participation will be considered in determining final letter grades. All assigned readings are available on Blackboard Vista.

**Topic 1:**  
Review of the Neoclassical Labor Market Theory (Sept 5, 7, 10, 12, 14)

**Readings:**

- McLaughlin F.M. Notes on Labor Demand, Blackboard Vista: Demand Notes  
- McLaughlin F.M. Notes on Labor Supply, Blackboard Vista: Supply Notes  
- Smith, Adam, Wealth of Nations, Book I, Ch. X, Blackboard Vista: Smith Practice Problems, Blackboard Vista: Problems  

**Questions to guide your reading:**

What are the fundamental determinants of the firm’s labor demand function in the short run under competitive conditions? How is the short run market demand for labor arrived at? What can we say on theoretical grounds about the shape and slope and elasticity of labor demand at the firm and market levels in the short run? How are all these questions answered theoretically under long run conditions? How is the labor supply function of an individual determined in the short run? How do we get from the individual’s labor supply function to the market supply function? What are the two dimensions of labor supply in the short run (the two ways in which market supply can vary)? What is the theoretical significance of distinguishing these two dimensions? What positive utility and normative significance is attached to the assumption of perfect competition? How is the theoretical outcome of the labor market system affected by relaxing the assumption of perfect competition in either product markets or labor markets? How is the occupational structure of wages explained under conditions of competition? What relationship does perfect competition have to fairness?

**Topic 2:**
Catholic Social Teaching on Labor (Sept. 17, 19)

Readings:

Canavan, Francis, “The Popes and the Economy” Blackboard Vista: Canavan
Blackboard Vists: KohlerCrisis
McLaughlin, Francis M., “A Reflection on the Discipline of Economics the Economy and Catholic Social Teaching on the Economy” submitted to Theoforum, Blackboard Vista: Theoforum

Questions to guide your reading:

What are the sources of Catholic social teaching on labor? What are the primary elements in this teaching? What relationship does this body of teaching bear to the theory and perspective of modern neo-classical labor economics?

Topic 3:

American Institutional Economics (Sept 21, 24, 26)

Readings:

McLaughlin, Francis, “John Rogers Commons: Are His Insights Important in Teaching Modern Labor Economics?” Blackboard Vista: Commons
Mitchell, Wesley C., Commons on Institutional Economics Blackboard Vista: Mitchell

Questions to guide your reading:

What does “American Shoemakers” indicate about John Commons approach to labor economics? What are the significant differences in the assumptions underlying the work on labor of the American institutional economics of Commons era and the approach of the early neoclassical economists of the late nineteenth century? What link is there between modern neoclassical economist and their early progenitors? What
possible relevance does the method and focus of the institutional economics of Commons era have for the study of labor?

**Topic 4:**
American Labor Economics in the 1960s (Sept. 28, Oct 1)

**Readings:**

**Questions to guide your reading:**
To what extent does the work of the important labor economists in the United States in the 1960s show the influence of the institutional economists of the Commons era? To what extent is it more in the neoclassical mainstream? What were the principal questions addressed by Kerr, Dunlop, and Fisher?

**Topic 5**
Industrial Relations (Oct. 3, 5)

**Readings:**

**Questions to guide your reading:**
What relationship does the discipline of Industrial Relations as described by Dunlop bear to standard mainstream economic analysis? How can industrial relations analysis be compared and contrasted with the analysis that is based on neo-classical economic theory? Are these two analytical approaches to labor study at odds with each other, or are they complementary? What relation can you find between the content of Kaufman’s interview with Dunlop, reviewing the six decades of Dunlop’s career as an economist, and the chapter from Dunlop’s book on industrial relations?

**FIRST HOUR EXAM OCT. 10**

**Topic 6:** (Oct. 12)
Minimum Wage Laws: Theory and Empirical Evidence
Reading:


Questions to guide your reading:

What are the broad institutional facts about minimum wage laws in the United States? On the basis of standard competitive theory what would you expect to be the impact of an effective minimum wage increase on the wage level of affected workers, on their level of employment, on the distribution of income, and poverty level family income? What would you expect to be the impact of an increase in the legislated level of the minimum wage in markets influenced by the presence of monopsony elements? What does the empirical research indicate?

Topic 7: (Oct. 15)

Sex and Race Differences in Wages and Earnings

Readings:


Hymovitz, Kay, “Why the Gender gap Won’t Go Away” City Journal In WSJ August 4, 2011 Blackboard Vista: HymovitzDiscrim

Questions to guide your reading:

What is the method most commonly employed to identify the existence of labor market discrimination in earnings on the basis of race and sex? What do you think are the advantages and the limitations of this methodology? What are the results of empirical investigations using this methodology? How have the results of empirical investigation changed over the past fifty years?

Topic 8:

Affirmative Action (Oct. 17)

Readings:


Questions to guide your reading:
What is meant by affirmative action? What various activities are described by the term? What is its legal status? What tension does it introduce into the administration of the law requiring equal treatment in employment? Does affirmative action necessarily the explanation of observed improvement in the relative employment situation of groups that have been relatively disadvantaged in employment and earnings? Is there still a need for affirmative action?

Topic 9:
The Disparate Impact – Disparate Treatment Issue (Oct. 19)

Readings:

Ricci et al v. DeStefano et al, June 29, 2009 Blackboard Vista: Ricci
Nicole Allan and Emily Bazelon, The Ladder, June 23, 2009 Blackboard Vista: Ladder

Questions to guide your reading:

What is meant by the terms disparate impact and disparate treatment? When did this distinction first arise in employment law in the United States? What is the current status of the law on this issue? How did this issue arise in the Ricci case, and how was it dealt with? Is the resolution reached by the Supreme Court in Ricci an adequate way of handling the kind of employment problem that led to the Ricci case?

Topic 10:
Earnings Inequality and Low Wages (Oct. 22)

Readings:


Questions to guide your reading:

What seem to be the facts about inequality in earnings and income in the United States, both the degree of inequality, and the changes in it over time? What explanations have been offered for changes in the degree of inequality in recent decades? Is it a serious problem and why? What policy actions might be taken to deal with the problems of serious inequality in earnings and income?

Topic 11:
Balancing Labor Market Competition and Regulation (Oct. 24)

Readings:

Belman, D. & Belzer, M., Regulation of Labor Markets: Balancing the Benefits and Costs of Competition, in Government Regulation of the
Questions to guide your reading:

Is competition ever completely unregulated? What are the various indirect and direct ways in which labor market competition may be regulated? What are the arguments in opposition to regulation? Is some regulation desirable and why? What are the elements of regulation discussed by Belman and Belzer in their two case studies of the trucking and construction labor markets?

Topic 12:

Immigration (Oct. 26, 29)

Readings:


Questions to guide your reading:

Using Freeman’s article as a guide to economic thinking on labor migration what does it suggest might be a fundamental posture economists adopt toward immigration? Why is it that Briggs treats immigration as a rogue labor market policy? What is the significance of Smith’s work on the assimilation of migrants? What is the usual analytic model used by labor economists in assessing the effects of immigration on a national economy? What are its limitations? What facts about the impact of immigration on the US economy are revealed using the standard analytical apparatus?

Topic 13:

Labor History (Oct. 31, Nov. 2)

Readings:


Questions to guide your reading:
Why did labor unions and a labor movement arise in the U.S.? Who was Samuel Gompers and why is he an important figure in the growth and development of the U.S. labor movement? What major shift took place in the structure of the U.S. labor movement in the 1930s, and what were the significant elements in this shift? What are the elements in Wachter’s explanation of the trends in labor union membership since the early 1930s? Is mass unionism likely to reemerge in future years? What is the significance of the decline in union membership for the U.S. political economy?

SECOND HOUR EXAM NOVEMBER 5

Topic 14:

Labor Law (Nov. 7, 9, 12)

Readings:

Duplex v. Deering, Blackboard Vista: Duplex
Why the NLRA? Discussion on LERA listserv, December, 2010 Blackboard Vista: Why NLRA?
Discussion of Labor and Employment Relations Systems on LERA listserv, December, 2010 Blackboard Vista: L&ERSystems

Questions to guide your reading:

What is the significance of Philadelphia Cordwainers in the history of U.S. public policy toward labor organizations? What was the legal theory and legal doctrine used by the Court in this case? How did the law with respect to the existence of labor unions change with the Commonwealth v. Hunt decision? What is a court injunction? What was the historical significance of the use by the Courts of their injunctive power in labor disputes? What is the historical significance for labor unions of Duplex v. Deering? What is the National Labor Relations Act? Where does it fit into the framework of legislation establishing national labor policy? How has it changed since its original enactment?

Topic 15:

The economic impact of Unions (Nov. 14, 16)

Reading:


Questions to guide your reading:

What does empirical research indicate is a good estimate of the measurable impact of unions on the structure of wages and employment? What are the implications of these effects for efficient allocation? Are there any other aspects of unionism to be considered in an overall evaluation of the social and economic effects of unionization? What is meant by the threat effect? What is meant by the spillover effect? What can be said about the relative importance of these two effects? What does the expression “the two faces of unions” mean? What are the different ways in which unions may be evaluated?

Topic 16:

The Permanent Replacement of Strikers (Nov. 19)

Reading:

National Labor Relations Board v. Mackay Blackboard Vista: Mackay


Questions to guide your reading:

What is the state of the law on permanent replacement of strikers? Is permanent replacement compatible with the right of free association? What are the arguments from banning permanent replacement of strikers? What have been some consequences of the decisions made by some employers to replace strikers permanently?
**Topic 17:**

Card Check Certification (Nov. 26)

**Reading:**

Kennedy, Edward, “Leveling the Playing Field,” Blackboard Vista: Kennedy
McLaughlin, Francis, “Card Check Authorization: A Reflection,”
(unpublished) Blackboard Vista: EFCACdChk
Taylor – McLaughlin Exchange March 2009, Blackboard Vista: Free Choice
Gould William, New Labor Law Reform Variations on an Old Theme: Is the
Employee Free Choice Act the Answer? LOUISIANA LAW REVIEW 2009, Vol. 70,
Parts I & II. Blackboard Vista: GouldI&II

Questions to guide your reading:

What does term card check refer to in the context of labor relations?
What is the issue card check legislation was aimed at dealing with? What
are the pros and cons of what may be called the card check issue? Who
is William Gould and what are his views on the card check question?

**Topic 18:** (Nov. 28)

First Contract Arbitration

**Reading:**

Gould William, New Labor Law Reform Variations on an Old Theme: Is the
Employee Free Choice Act the Answer? LOUISIANA LAW REVIEW 2009, Vol. 70,
Part III. Blackboard Vista: GouldIII

Questions to guide your reading

What is meant by first contract arbitration? What are the specific
features of the proposal for first contract arbitration contained in the
EFCA legislation proposed by Senator Kennedy? What are the arguments
for and against it? What are William Gould’s views on the issue?

**Topic 19:**

Labor Law Reform (Nov. 30, Dec. 3)

**Reading:**

Kaufman, B.E., & Lewin, D., “Is the NLRA still relevant to Today’s
Economy and Workplace?” Industrial Relations Research Association
Series: Proceedings of the Fiftieth Annual Meeting, V. 2, Jan. 3-5,
Craver, Charles, “The NLRA at Seventy,” Blackboard Vista: Craver
Getman, Julius, “The NLRA at Seventy,” Blackboard Vista: Getman
Morris, Charles, “Members Only Collective Bargaining,” Blackboard Vista: Morris
Gould William, New Labor Law Reform Variations on an Old Theme: Is the
Employee Free Choice Act the Answer? LOUISIANA LAW REVIEW 2009 Vol. 70,
Parts IV to VIII Blackboard Vista: GouldIV-VII

Questions to guide your reading

Is the NLRA still necessary? Does it need reform? If so why, and in what specific ways? What are the realistic prospects for reform?

Topic 20:
The Resolution of Labor Disputes (Dec. 5, 7)

Reading:

Questions to guide your reading

What is the difference between arbitration of rights and arbitration of interests? What is the specific experience with dispute resolution that Dunlop and Zack believe has the potential for widespread and productive application in the US? What was the Steelworkers Trilogy? What is the significance of the Gardner Denver case, and also of Gilmer vs Interstate Johnson? What are the implications of the duty of fair representation for the possibility of widening the use and application of grievance resolution systems in unionized companies?

Topic 21:
Union Revitalization? – A Case Study

Reading:

Question to guide your reading

Is the CWA experience likely to be repeated on a wide scale?

FINAL EXAM DECEMBER 14 AT 12:30 P.M.