

Economics 3100 Section 2: Labor Economics
Fall 2004
T 6:00-8:30 pm BUC 304

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How do people decide how many hours they wish to work, what jobs they wish to hold, and how much education or training they should acquire to achieve these goals? How do firms decide how many workers, and what kinds of workers, to hire? How do these decisions by workers and firms combine to produce employment and unemployment levels and income distribution? What is job discrimination? What causes it, how do we measure it, and how do we remedy it? How can an understanding of the labor market improve our understanding of the problem of poverty? These are the kinds of questions we will address in this class. We will focus primarily on neoclassical models of the labor market, but we will be attentive to criticisms of these models.

Most of our reading and assignments will come from the main text: Ehrenberg and Smith, Modern Labor Economics: Theory and Public Policy (8th Edition, 2002). This book is available for purchase in the campus bookstore, and everyone should buy it. A study guide is also available in the bookstore. We will not use the study guide directly in class, and you are not required to buy it, but you may find it helpful for preparing for the exams.

There are no prerequisites listed for this class. However, some knowledge of microeconomics (at the principles level) will be very helpful. In addition, we will spend a lot of time analyzing graphs and doing some simple calculations. See me early in the semester if you have any concerns about your background in these areas.

Our work in class will be supplemented by a WebCT site. There you will find a copy of the syllabus, scheduling updates and other announcements, additional readings, and grades. From this site, you will also be able to download the data sets that will be used in the data analysis projects described below.

The University of Utah seeks to provide equal access to its programs, services, and activities for people with disabilities. If you will need accommodation in this class, reasonable prior notice needs to be given to the Center for Disability Services, 162 Olpin Union Building, 581-5020 (V/TDD). CDS will work with you and me to make arrangements for accommodations. All written information in this course can be made available in alternative format with prior notification to the Center for Disability Services.

Assignments and Grades:

Exams: We will have three exams - two mid-terms and a final. **The mid-terms will be held on Tuesday, September 28 and Tuesday, November 2. The final will be held on Tuesday, December 14, at 6:00 pm.** The exams will include short-answer questions along with longer problems and essays. The mid-terms will each be worth 25% of your grade. The final will be worth 30%. You are expected to be in class to take the exams on the given days. If you anticipate any unavoidable scheduling conflict, see me immediately.

Note that the mid-terms will be held during the **SECOND HALF** of the given class session. During the first half of these two class sessions, we will cover new material (which will not be on that evening's exam).

Homework Problems: At the end of most class sessions, I will assign a small number of problems based on that evening's material. Written answers to these questions will be due by the beginning of the next class session. You will earn one point (out of 100 for the term) for each question you answer correctly, up to a total of 10 for the semester. (Note that you can turn in answers for as many questions as you like, but you can earn at most 10 points by answering these problems. Additional correct answers will **NOT** count for extra credit.)

Data Analysis: Several times during the semester, you will be given the opportunity to use recent data on the Utah economy to more closely examine some of the concepts we will study. **Each student will be responsible for carrying out ONE of these data analysis exercises.** The assignments will typically involve some simple calculations and interpretation of the results. **Four data analysis assignments are listed on the syllabus below.** More assignments may be added later. Additional details will be provided later in the semester. This assignment is worth 10% of your grade.

Additional Readings: Two kinds of additional readings will be posted on the WebCT page. First, you will find required readings. These will be fairly brief articles, usually from newspapers and general-interest magazines, dealing with labor market issues. We will discuss these readings in class, and they may provide material for exam questions. You will also find optional readings. These will be more technical articles from economics journals. We will summarize these articles in our class discussion, and you will be responsible for understanding what we discuss in class related to these articles. You are not, however, required to read them. They are provided in case you are interested in a particular study and want to examine it in more detail for your own purposes. The list of readings will be updated throughout the semester, and the addition of new readings will be announced in class.

Summary of Assignments:

First Mid-Term: 25% of the final grade
Second Mid-Term: 25%
Final Exam: 30%
Homework Problems: 10%
Data Analysis Assignment: 10%

Course Outline

Note that the precise schedule of topics may change, but the exam dates and due dates for assignments will not change. Note also that additional required readings will be announced in class and posted on the WebCT page.

Schedule of Topics

8/31: Introduction
Read E+S Chapters 1 and 2

9/7: Labor Demand

Read E+S Chapters 3 and 4

9/14: Quasi-Fixed Costs and Labor Demand

Read E+S Chapter 5 UP TO PAGE 141

9/21: Labor Supply:

Read E+S Chapter 6

9/28: Labor Supply in the Life Cycle and Household Context

Read E+S Chapter 7

EXAM DURING SECOND HALF OF CLASS

10/5: Continue with Labor Supply in the Household and Life Cycle Contexts

10/12: Compensating Differentials

Read E+S Chapter 8

10/19: Training, Education, and Human Capital

Read E+S Chapter 5, pages 141-161, and E+S Chapter 9

10/26: Continue with Training, Education, and Human Capital

FIRST DATA ANALYSIS ASSIGNMENT (ON HUMAN CAPITAL) DUE

11/2: Worker Mobility

Read E+S Chapter 10

EXAM DURING SECOND HALF OF CLASS

11/9: Continue with Worker Mobility, start Gender, Race, and Ethnicity in Labor Markets

Read E+S Chapter 12

11/16: Continue with Gender, Race, and Ethnicity in Labor Markets

SECOND DATA ANALYSIS ASSIGNMENT (ON MOBILITY) DUE

11/23: Inequality and Earnings

Read E+S Chapter 14

THIRD DATA ANALYSIS ASSIGNMENT (ON GENDER AND EARNINGS) DUE

11/30: Unemployment

Read E+S Chapter 15

FOURTH DATA ANALYSIS ASSIGNMENT (ON INEQUALITY) DUE

12/7: Catch up, review for exam

12/14: **FINAL EXAM 6 PM**

Other Important Dates:

Friday 9/3: Last day to drop classes

Tuesday, 9/7: Last day to add classes

Friday, 10/22: Last day to withdraw