

Syllabus
ECON-327-001
Labor Economics

7:40 – 8:55 TuTh, B 309
Spring 2012
Professor Dalton

Office Hours: By appointment
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PREREQUISITES

Principles of Macroeconomics and Principles of Microeconomics.
Admission to COBE or B.A. Economics Major or Social Studies, Secondary Education Emphasis Major or Economics, Social Science, Secondary Education Minor

TEXT AND STUDY MATERIALS

The required texts for this course are Labor Economics: Introduction to Classic and the New Labor Economics, by Derek Laing, and Licensing Occupations, by Morris Kleiner. Additional readings may be assigned during the course and either distributed as handouts or available for download from the course webpage. Some readings are noted in the course outline.

Powerpoint slides for some lectures will also be accessible on the net, after they have been presented in class, through the course webpage. The course webpage will also link to other aids for learning. Please note that **I do not use Blackboard**.

Students are also expected to make use of the [Norton StudySpace](#) website; register for the [Norton Gradebook](#); and, register at the [Nortonebooks](#) website.

[Norton StudySpace](#) has a Chapter Quiz, Review Questions, and Quantitative Problems for each chapter. Students are expected to complete and submit the quiz and selected review questions and quantitative problems for each assigned text chapter. Registration at the [Norton Gradebook](#) site is necessary for the instructor to access your answers and grade the short answer questions. The [Nortonebooks](#) site gives you access to additional material, including supplementary chapters.

COURSE OBJECTIVE AND OVERVIEW

The primary objective of this course is to apply the “economic way of thinking” to the operation of labor markets and employment relations. Labor economics is an **applied** theory class – tools students have mastered in principles and intermediate micro are applied to analyze labor market behavior. The course is heavily “policy” oriented, with evaluation of minimum wages, discrimination, principal-agent issues, executive pay, labor unions, migration and immigration, occupational licensure, and wage structures (equality and inequality).

THE POSITIVE BIAS OF ECONOMICS

Paul Heyne, in his introductory text Microeconomics, notes that “*the economic way of thinking is a biased perspective*. It does not offer an unprejudiced view of society, in which all the facts are presented and all interests are given the same weight.” Everyone engaged in the search for knowledge of any kind necessarily begins with preconceptions of what is important and what is not, what is true and what is not, and what is useful and

what is not. To the extent a student comes to understand economics, he will become biased in the same way as other economists and will look at the world in a way much different from non-economists. We should note that non-economists are also biased in their understanding of economics, and in this course the student will learn how such biases lead to errors in analyzing economic activity. This does not mean that any two economists will completely agree on “how the economy works.”

NORMATIVE BIAS AND ECONOMIC POLICY

Much of modern economics is a consideration of what government “ought to do,” if anything, in achieving widely accepted economic goals. The question of one’s support for a particular government action will, of course, depend upon one’s *preferences* and *interests*, as well as one’s *understanding* of how the economy works. But beyond that, one’s basic ethical and political views will come into play. It should be of no surprise, then, that it is possible that even if two economists had identical views of the workings of the economy, they might disagree on the propriety of a particular government action.

INSTRUCTOR EXPECTATIONS OF STUDENTS

Students are expected to come to class having read the appropriate readings prior to lecture and discussion. Most classes (except those where the experiments will take the entire class period) will begin with the interrogatory: “Are there any questions?” This is the student’s opportunity to ask questions over material previously covered or to raise questions about the material under current discussion, the nature of economics, or other matters related to economic learning. Students are expected to be prepared to discuss and answer the end of chapter questions in class.

Students are expected to conduct themselves in a manner amenable to the learning process, treating one another with respect. Students are encouraged to form study groups among themselves, assist one another in mastering material, and provide one another with missed notes.

If, due to time constraints, we don’t cover some assigned readings in class, that doesn’t mean that you are necessarily excused from knowing the material. The general rule is: if a reading is assigned, you are responsible for knowing it.

Please read the handout on [Classroom Conduct and Expectations](#) that appears on the course website.

GRADING

The final course grade will be based upon fifteen of seventeen Norton StudySpace assignments, four exams, a term paper, and class participation:

- (1) fifteen Norton StudySpace assignments are worth 300 points;
- (2) four exams worth 150 points each;
- (3) term paper worth 150 points;
- (5) classroom participation worth 150 points.

Total graded points are 1200. The following grading scale will be used:

A+	1158 – 1200 points	C+	918 – 953 points
A	1074 – 1157 points	C	834 – 917 points
B+	1038 – 1073 points	D	714 – 833 points
B	954 – 1037 points	F	0 – 713 points

NORTON STUDYSPACE ASSIGNMENTS

At the conclusion of each text chapter covered, a set of questions from the Norton StudySpace will be assigned in class (as well as emailed to your Broncweb email address) and a due date (typically before the next class period) assigned. Each assignment will be worth 20 points. The two lowest scores will be dropped in calculating the total points for the final grade.

EXAMS

There will be 4 exams. The dates for the first three exams are *tentative*. Each exam will consist of multiple choice and short-answer questions, and each exam will be worth 150 points. The last exam is *not* a comprehensive exam.

The first exam is tentatively scheduled for **Thursday, February 9.**

The second exam is tentatively scheduled for **Thursday, March 8.**

The third exam is tentatively scheduled for **Thursday, April 12.**

The fourth exam is during the **scheduled** final exam period, **Tuesday, May 8, 8 – 10 am.**

TERM PAPER

The term paper is worth 150 points toward your final grade.

The term paper is to cover one of the areas presented in the Laing text which is not covered in the course outline. The paper should review the material in the text chapter and then present more recent research findings in the selected area from the economic literature. The appropriate areas for the term paper are On-The-Job Training (ch. 6), Economics of Death and Injury (ch. 10), Organizational Design (ch. 15), Contractual Frictions and Unemployment (ch. 22), Market Frictions and Unemployment (ch. 23), Job Search (ch. 24), Quits and Layoffs (ch. 25), Economics of the Family (ch. 29), Economics of Retirement (ch. 30), Economics of Crime (ch. 31), and the Economics of Education (ch. 34 & 35).

The research selection is to be submitted to the instructor no later than **Tuesday, February 28.** The term paper is to be double-spaced, typed, and in font size no larger than 12. Margins should be 1" on top, bottom, and both sides. This paper should have a cover page indicating your name; an end-note page; and a bibliography page; the paper should be twelve to fifteen pages in length (excluding title, end-note and bibliography). It is to be submitted as a hard copy and as a word file, mailed to the instructor's email address. The review is due **April 26.**

See the guidelines for grading I use on term papers at the course website - [Guidelines for Term Paper Grading](#).

CLASSROOM PARTICIPATION

Participation in classroom discussion is encouraged and expected. See [Getting an "A" in Class Participation](#) on the course website.

MAKE-UP POLICY

Since most of the assignments may be turned in electronically, only in cases of extended illness will make-ups be possible for those assignments. Appropriate documentation will be required. Make-ups of exams will only be granted if the instructor is contacted by email prior to the start of the class period when the exam is held.

GENERAL POLICES

- (1) There are *no* extra credit projects.
- (2) An incomplete will be allowed for the class only if a 70% or better average is achieved through the **April 9**. To receive an incomplete requires the completion of a contract with a date certain for completion of class requirements.
- (3) Withdrawal from class is the responsibility of the student.

COURSE OUTLINE

<u>Topic</u>	<u>Text Section/Reading</u>
<u>Preliminaries</u>	
Introduction	Laing, chapter 1
U.S. Labor Markets	Laing, chapter 2
<u>Foundations</u>	
Short-run Demand for Labor	Laing, chapter 3
The Supply of Labor	Laing, chapter 4
Income Taxes and the Supply of Labor	Laing, chapter 27
Labor Supply over the Life Cycle	Laing, chapter 28
Human Capital	Laing, chapter 5
Competitive Equilibrium	Laing, chapter 7
<u>Applications</u>	
Minimum Wage	Laing, chapter 8
War on Poverty	Laing, chapter 9
Discrimination Theory	Laing, chapter 11
Discrimination Evidence and Policy	Laing, chapter 12
Hiring	Laing, chapter 13
Occupational Licensure	Kleiner
<u>Employment Relations</u>	
Incentives	Laing, chapter 14
Careers	Laing, chapter 16
Executive Pay	Laing, chapter 17
Trade Unions: Density and Impact	Laing, chapter 18
Trade Unions: Bargaining and Strikes	Laing, chapter 32

COURSE OUTLINE (cont.)

Topic	Text Section/Reading
<i>The Aggregate Labor Market</i>	
Earnings: The Wage Structure	Laing, chapter 19
Earnings: Sectoral Shocks and Aggregate Disturbances	Laing, chapter 33
Labor Mobility: Migration	Laing, chapter 20
Immigration and Outsourcing	Laing, chapter 21

Students in this class will learn or practice the following COBE Core Curriculum concepts, methods, and skills:	
1. Understand and apply analytical and disciplinary concepts and methods related to business and economics:	
<input checked="" type="checkbox"/>	1.3. Economics
<input checked="" type="checkbox"/>	2.1. Communicate effectively: Write messages and documents that are clear, concise, and compelling
<input type="checkbox"/>	2.2. Communicate effectively: Give oral presentations that use effective content, organization, and delivery
<input type="checkbox"/>	3. Solve problems, including unstructured problems, related to business and economics
<input type="checkbox"/>	4. Use effective teamwork and collaboration skills
<input type="checkbox"/>	5. Resolve ethical issues related to business and economics