Syllabus

ECON-327-001
Labor Economics

3:00 – 4:15 MW, B 312
Spring 2013
Professor Dalton

Office: MBEB 3220
Office Hours: MW 1:30 – 2:45 pm,
TuTh 12 noon – 1:15 pm
or by appointment

Phone: 384-0207 (home)
E-mail: allendalton@boisestate.edu
Website: http://cobe.boisestate.edu/allendalton/

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
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. Supplementary chapters for Laing’s textbook will be posted at the
course website.

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.

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 twelve of fourteen problem sets, four exams, a term paper, and class participation:

1. fourteen weekly problem sets are worth 300 points;
2. four exams worth 150 points each;
3. term paper worth 150 points;
4. 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

PROBLEM SETS
Each Wednesday a problem set will be assigned in class (as well as emailed to your Broncoweb email address) and a due date (typically before the next class period) assigned. Each assignment will be worth 25 points. The two lowest scores will be dropped in calculating the total points for the final grade. Problem sets may be turned in as either hard copy or electronically in either pdf or word document form. Electronic submissions in any other form will have points subtracted.

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 Wednesday, February 13.
The second exam is tentatively scheduled for Wednesday, March 13.
The third exam is tentatively scheduled for Monday, April 15.

The fourth exam is the scheduled final exam, Tuesday, May 14, 12 noon – 2 pm.

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 Wednesday, February 27. 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 paper is due Monday, April 29.

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 POLICIES
(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 exam scheduled for April 15. 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.

SUMMARY OF IMPORTANT DATES
Wednesday, February 13 – First exam
Wednesday, February 27 – Research selection topic for term paper
Wednesday, March 13 – Second exam
Monday, April 15 – Third exam
Monday, April 29 – Term paper due
Tuesday, May 14 – Final Exam; 12 noon – 2 pm

COURSE OUTLINE

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<th>Topic</th>
<th>Text Section/Reading</th>
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<td>Preliminaries</td>
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<tr>
<td>Introduction</td>
<td>Laing, chapter 1</td>
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<td>U.S. Labor Markets</td>
<td>Laing, chapter 2</td>
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<td>Foundations</td>
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<td>Short-run Demand for Labor</td>
<td>Laing, chapter 3</td>
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<td>The Supply of Labor</td>
<td>Laing, chapter 4</td>
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<td>Income Taxes and the Supply of Labor</td>
<td>Laing, chapter 27</td>
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<td>Labor Supply over the Life Cycle</td>
<td>Laing, chapter 28</td>
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<td>Human Capital</td>
<td>Laing, chapter 5</td>
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<td>Competitive Equilibrium</td>
<td>Laing, chapter 7</td>
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<td>Applications</td>
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<td>Minimum Wage</td>
<td>Laing, chapter 8</td>
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<td>War on Poverty</td>
<td>Laing, chapter 9</td>
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<td>Discrimination Theory</td>
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<td>Discrimination Evidence and Policy</td>
<td>Laing, chapter 12</td>
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COURSE OUTLINE (cont.)

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<tr>
<th>Topic</th>
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<tbody>
<tr>
<td>Hiring</td>
<td>Laing, chapter 13</td>
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<td>Occupational Licensure</td>
<td>Kleiner</td>
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<td><strong>Employment Relations</strong></td>
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<td>Incentives</td>
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<td>Careers</td>
<td>Laing, chapter 16</td>
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<td>Executive Pay</td>
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<td>Trade Unions: Density and Impact</td>
<td>Laing, chapter 18</td>
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<td>Trade Unions: Bargaining and Strikes</td>
<td>Laing, chapter 32</td>
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<td><strong>The Aggregate Labor Market</strong></td>
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<td>Earnings: The Wage Structure</td>
<td>Laing, chapter 19</td>
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<td>Earnings: Sectoral Shocks and Aggregate Disturbances</td>
<td>Laing, chapter 33</td>
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<td>Labor Mobility: Migration</td>
<td>Laing, chapter 20</td>
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<td>Immigration and Outsourcing</td>
<td>Laing, chapter 21</td>
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College of Business and Economics
Core Curriculum Student Learning Goals and Objectives
ECON 327

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:
   - ✔️ 1.3. Economics

2. Communicate effectively:
   - ✔️ 2.1. Write messages and documents that are clear, concise, and compelling
   - ✔️ 2.2. Give oral presentations that use effective content, organization, and delivery
   - ❌ 3. Solve problems, including unstructured problems, related to business and economics
   - ❌ 4. Use effective teamwork and collaboration skills
   - ❌ 5. Resolve ethical issues related to business and economics