

ECON 4600 – Spring 2014

Labor Economics

Instructor:	Ian M. Schmutte	Class:	MWF 9:05am – 9:55am Caldwell 203
Office:	Brooks 528	Office Hours:	W 1:00pm – 2:00pm and by appointment
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This syllabus is a general plan for the course. The instructor will announce deviations from this syllabus to the class.

Basic Information

Course Description: The application of microeconomics to the study of labor markets. Topics to be covered include: The demand for and supply of labor, compensating wage differentials, human capital investment, alternative compensation policies, unions, discrimination, and unemployment.

Prerequisites: ECON 4010 (Intermediate Microeconomics).

Textbook:

Modern Labor Economics: Theory and Public Policy, 11/E, Ronald G. Ehrenberg and Robert S. Smith. The homework assignments come partially from the textbook, and my lectures assume you have read the book carefully. In the past, students have successfully used older editions of the textbook. If you choose to do so, you are responsible for making sure the material in your edition is consistent with the eleventh edition. This is particularly important when completing homework assignments. I have placed one copy of our textbook on 2-hour reserve in the main library.

Communication: The best way to reach me is through UGA e-mail, schmutte@uga.edu. You can also direct questions to the course TA, Molly Candon, mkcandon@uga.edu. Most communication outside of class will occur via a Facebook group. To join the group, you should visit <https://www.facebook.com/groups/groupsatuga/>. From there, search for “UGA Labor Economics”, and ask to join the group. To use “Groups at UGA”, you need a Facebook account that is linked to your uga.edu e-mail address. I will make most announcements during class, but you must monitor your UGA e-mail and the Facebook group regularly throughout the semester.

Course Objectives

You will learn to use the tools of economics to study the exchange of labor. By the end of the course, you will be able to use economic models and data to make and test predictions about how labor markets work. You will also be able to critically evaluate academic and popular writing about the labor market. Labor economics is at the heart of many of today’s most heated debates. We will discuss unemployment, income inequality, investments in education, outsourcing, the impacts of immigration, and many other substantive topics.

Our jumping off point is a model of demand for labor by firms, supply of labor by workers, and a decentralized equilibrium in wages and employment. We will use this model to make predictions about the labor market and assess evaluate policy. We will consider problems with the basic model and discuss several adaptations that better capture the exchange of labor in a market-based system.

Another key objective is to understand how economists use data to test models and to evaluate policy. We will learn about the problem of causal inference that plagues the analysis of social data, and the numerous advances made by labor economists to address it.

Assessment

Homework and Quizzes	20%
Participation	5%
First Exam	25%
Second Exam	25%
Third Exam	25%

Homework and Quizzes

I will assign homework for every class meeting. Every Wednesday, I will give a short quiz in class based on the assignment. I will never collect homework, but I will circulate solutions to the homework problems after the quizzes. You are responsible for checking your understanding of the homework solutions. Your final grade will be based on your top 8 quiz scores.

Participation

There is not a major participation component to the class, but I expect you to be present and to engage, either by asking questions in class, providing answers to quiz problems, or engaging in the online discussion with the Facebook group.

Exams

I will give three exams, two during the regular semester, and the last exam during the final exam period. The exams consist of short answer questions that test your knowledge of concepts introduced in class and longer analytic problems where you must solve problems similar to those encountered in the homework. The exams are not cumulative, but there will be an optional cumulative “extra credit” feature to the final exam.

You must take exams during the scheduled times. I will not administer make-up exams. If you have an excused absence from one of the midterms, its weight will be added to the weight of the next exam for the purpose of determining your course grade. An unexcused absence from any exam will result in a score of zero.

The “Bump”

It will be possible to increase your final grade by completing an optional supplemental exam during the final exam period (in addition to the third exam). The supplemental exam will have two sections: one testing concepts from the first exam and one testing concepts from the second exam. By completing these sections you can add up to 1/4 of the total points you missed in the respective exams. So, if you got a 60 on the first exam, you can add up to 10 points to your first exam grade, so your final grade would be calculated as though you had scored a 70. To be eligible for the Bump you must (i) complete at least 8 quizzes, and (ii) have completed both midterms.

Course Policies

Attendance

I will not regularly take attendance, but I reserve the right to drop any student from the course who has missed a midterm exam without prior approval, failed to complete two or more quizzes, or been excessively absent, prior to the withdrawal deadline. I will attempt to contact you in class and at your UGA e-mail address prior to an administrative withdrawal. I also reserve the right to withdraw any student who does not respond to my attempts to contact them through their official UGA e-mail or the Facebook group within one week.

Your attendance is vital to learning the material and achieving the course objectives. If you must be absent, show up late, or leave early, please let me know in advance. It is your responsibility to get note from your classmates.

Academic Honesty

As a University of Georgia student, you have agreed to abide by the University's academic honesty policy, "A Culture of Honesty," and the Student Honor Code. All academic work must meet the standards described in "A Culture of Honesty," found at www.uga.edu/honesty.

Course Outline

In addition to the required textbook readings indicated below, I will also assign supplementary readings as appropriate. These readings will be announced in class and circulated on the course website. The selection and timing of topics as well as the exam dates are subject to change.

Week	Topics	Textbook Reading
Week 1	Introduction to Labor Economics, Measuring Unemployment	Chapters 1 & 2
Week 2	Testing Labor Market Models	Chapter 2 & Class Notes
Week 3	MLK Day. Labor Demand	Chapter 3
Week 4	Labor Demand	Chapter 4
Week 5	Frictions in the Labor Market	Chapter 5
Week 6	Policies affecting Demand, First Exam	Chapter 5

First Exam: In class on Friday Feb 14

Week 7	Static Labor Supply Theory	Chapters 6
Week 8	Labor Supply: Extensions and Policy	Chapters 6 & 7
Week 9	Job Search and Aggregate Unemployment	Chapter 14
Week 10	Spring Break	

Spring Break: March 10 - 14

Week 11	Theory of Compensating Differentials	Chapter 8
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Withdrawal Deadline: March 20

Week 12	Catch-Up and Second Exam	
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Second Exam: March 27

Week 13	Trade and Inequality	Chapters 15 & 16
Week 14	Education and Job Training	Chapter 9
Week 15	Discrimination in the Labor Market	Chapter 12
Week 16	Migration, Immigration, and Labor Mobility	Chapter 10

Third Exam: During the Final Exam Period