

Econ 412: Labor Economics and Labor Markets: Theory, Evidence, and Policy

Penn State University
Spring 2015

Syllabus

Lectures: TTh 11:15am-12:30pm, 114 Earth and Engineering Science Building

Instructor: Jan Duras
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Textbook

McConnell C., Brue S. & MacPherson D., *Contemporary Labor Economics*, 10th edition, McGraw-Hill, 2013
Boeri T. & van Ours J., *The Economics of Imperfect Labor Markets*, Princeton University Press, 2013

Course description

This is an advanced course in labor economics. Topics covered overlap somewhat with Econ 315 - labor supply, investment in human capital, labor demand, wage determination, unemployment, and earnings inequality - but the treatment will be distinctly more rigorous. In addition, rather than covering a broad range of topics as in Econ 315 we will focus on fewer, and go deeper into details. The objective of this course is to equip students with command of theory and empirical tools that allow to analyze important questions in labor economics with a rigorous and advanced approach. For each topic, we will cover underlying theory, assess existing empirical evidence using various econometric methods, and discuss implications for public policy.

Prerequisites

Econ 302 or Econ 315 are prerequisites for this course. Basic calculus and constrained optimization techniques will be used throughout the course, but they will be explained in detail in class. Knowledge of statistics and econometrics will be important, thus Econ 306 is strongly recommended. We will discuss in class the econometric methods applied in this course, but because of time constraints we will not be able to cover them as thoroughly as in Econ 306.

Grading

Final grade will be computed by choosing the highest of the following three grading options.

	Option A	Option B	Option C
Assignments	25%	25%	25%
Quizzes	5%	5%	5%
Midterm exam	30%	20%	40%
Final exam	40%	50%	30%

Below are the grading cut-off points:

92%-100%	90%-92%	88%-90%	82%-88%	80%-82%	78%-80%	70%-78%	60%-70%	below 60%
A	A-	B+	B	B-	C+	C	D	F

Attendance and Class Participation

Attendance is in general not mandatory, but rewarded - see section Quizzes below. **Attendance is mandatory for any student who scores 75% or less on the midterm.** Participation is not graded, but is highly valued, and I will bump up your grade if you are a borderline case and if you have been active in class discussions. I will never lower your grade if you don't participate or if your comments and answers are off.

Exams

Midterm Exam: Thursday, March 5, in class

Final Exam: Thursday, May 7, 8:00am-9:50am, 114 Earth and Engineering Science Building

Please see <http://handbook.psu.edu/content/examinations> for policies regarding time conflicts and the details on final exam conflict filing.

Quizzes

Between 5 and 10 short quizzes, each around 15 minutes long, will be given in class on random days.

Assignments

All assignments are due in class, **before** the lecture. Assignments submitted late will be penalized by 10 points (out of 100) for each day it is late. Two points will be deducted if assignment is not stapled.

HW1	Thursday, January 22
HW2	Thursday, February 5
HW3	Tuesday, February 17
HW4	Thursday, February 26
HW5	Thursday, March 26
HW6	Tuesday, April 7
HW7	Thursday, April 16
HW8	Tuesday, April 28

Students are encouraged to work in study groups. However, each student is responsible for writing up his/her own problem set and has to acknowledge the people worked with on the submitted assignment.

Course Timetable

This is tentative and will be revised as needed as we go along.

Week 1	Introduction. Tools: Math.
Week 2	Tools: Econ and Econometrics.
Week 3	Labor Supply of an Individual. Evaluating the Impact of Government Policies.
Week 4	Labor Demand. Market Equilibrium.
Week 5	Education - Human Capital Model.
Week 6	Uncertainty in Investment in Education.
Week 7	Post Schooling Investments in Human Capital. Signaling Model of Education.
Week 8	Review and Midterm.
Week 9	Spring Break.
Week 10	Gender and Race Wage Gap. Discrimination in Hiring. Pre-market Discrimination.
Week 11	Compensating Wage Differentials.
Week 12	Decisions in a Family.
Week 13	Home Production and Labor Force Participation of Women.
Week 14	Unemployment and Job Search. Effects of Unemployment Insurance.
Week 15	Inequality in Earnings.
Week 16	Review and Wrap Up.

PROCEDURES AND POLICIES

VALID REASONS FOR MISSING AN EXAM

Illness or injury, family emergencies, certain University-approved curricular and extra-curricular activities, and religious holidays can be legitimate reasons to be excused from a scheduled examination. In the case of illness or injury, confirmation from a physician, physician's assistant, a nurse-practitioner, or a nurse is required. Barring extraordinary circumstances, confirmation must be presented prior to the missed exam. With regard to family emergencies, you must provide verifiable documentation of the emergency. Unless the emergency is critical you should notify the instructor in advance. In cases of critical emergencies, you must notify the instructor within one week of your absence. For University-approved curricular and extra-curricular activities, verifiable documentation must be presented to the instructor at least one week prior to the first absence. In the case of religious holidays, notify the instructor by the third week of the course of any potential conflicts. See <http://econ.la.psu.edu/undergraduate/valid-excuses> for details.

STATEMENT OF ACADEMIC INTEGRITY:

Penn State defines academic integrity as the pursuit of scholarly activity in an open, honest and responsible manner. All students should act with personal integrity, respect other students' dignity, rights and property, and help create and maintain an environment in which all can succeed through the fruits of their efforts (Faculty Senate Policy 49-20). Dishonesty of any kind is not tolerated. Dishonesty includes, but is not limited to, cheating, plagiarizing, fabricating information or citations, facilitating acts of academic dishonesty by others, having unauthorized possession of examinations, submitting work of another person or work previously used without informing the instructor, or tampering with the academic work of other students. Students who are found to be dishonest will receive academic sanctions and will be reported to the University's Judicial Affairs office for possible further disciplinary sanction. See <http://econ.la.psu.edu/undergraduate/academic-integrity> for further information.

STATEMENT OF NONDISCRIMINATION:

Penn State University is committed to the policy that all persons shall have equal access to programs, facilities, admission, and employment without regard to personal characteristics not related to ability, performance, or qualifications as determined by University policy or by state or federal authorities. Penn State University does not discriminate based on age, ancestry, color, disability or handicap, national origin, race, religious creed, sex, sexual orientation, or veteran status.

DISABILITY ACCESS STATEMENT:

Penn State University encourages qualified people with disabilities to participate in its programs and activities and is committed to the policy that all people shall have equal access to programs, facilities, and admissions without regard to personal characteristics not related to ability, performance, or qualifications as determined by University policy or by state or federal authorities. If you anticipate needing any type of accommodation in this course or have questions about physical access, please tell the instructor as soon as possible.

UNDERGRADUATE ADVISERS:

See <http://econ.la.psu.edu/undergraduate/advising-schedule> for information on advising and how to set up an appointment. Undergraduate Advising Handbook is available at <http://handbook.psu.edu>

COMPLAINTS OR CONCERNS ABOUT COURSES:

Please contact your instructor or TA if you have any complaints/concerns about the course. If your concerns are not resolved after talking with your instructor you can contact David Brown, Director of Undergraduate Studies drb39@psu.edu, 405 Kern Graduate Building.