

Labor Economics (Econ 4311)

FALL 2016

Instructor: Prof. Aaron Hedlund (hedlunda@missouri.edu – include “4311” in subject)

Time and Location: T, R 2:00pm – 3:15pm, Agriculture Bldg 2-16

Office Hours: T, R 8:00am – 9:30am, 226 Professional Building

Blackboard: <https://bblearn.missouri.edu>

Dropbox Link: <https://www.dropbox.com/sh/i6pwkz7epc5255q/AAC0wslthEMgk3jhve5qNyDma?dl=0>

Final Exam: Wednesday, December 14, 7:30am – 9:30am

Overview and Objectives

Course Description

The purpose of this course is twofold. Substantively, this course aims to give you a broad understanding of modern labor economics. We will study a broad range of theories aimed at explaining worker and firm behavior, wage determination, hiring practices, unemployment fluctuations, and more. We will also pay close attention to empirical studies that shed light on how well our theories appear to explain the data.

The second purpose of this course is to strengthen your grasp of economic methodology by developing your economic intuition and technical skills.

Course Objectives

My goals for you this semester are as follows:

1. That you be able to engage in substantive discussions of labor economics and make informed judgments about the causes, implications, and possible policy responses to various labor market phenomena.
2. That you further develop your economic intuition and improve your mastery of the technical skills used in economic analysis.
3. That you mature in your understanding of the role of economics in society, including recognizing the circumstances in which it does and does not have a comparative advantage in informing one’s worldview.

Prerequisites and What to Expect

Throughout the course, we will regularly solve constrained optimization problems with multiple variables, solve systems of equations, and analyze the static and dynamic properties of different economic models. Sufficient preparation for this course includes intermediate microeconomics and a strong background in calculus.

The format will be predominantly lecture-based, but I strongly encourage active participation and question-asking. Furthermore, we will have frequent in-class discussions, and I may occasionally ask individuals or groups to solve problems in front of the class. Given the difficulty of some of the material, working through problems together is an important ingredient to learning, but only if everybody brings an attitude of inquisitiveness, humility, and respect.

Resources

Required Text

The required course text is *Labor Economics, Seventh Edition* by George Borjas. We will use the text to gain an understanding of some of the main economic theories of the labor market. I will also regularly post supplementary readings and notes on Blackboard.

Assessment

Your course grade will consist of the following:

- Participation: 5%
- Assignments: *UNGRADED*
- Referee Reports: 20%
- Midterms: 40% (25% higher scoring exam, 15% lower scoring exam)
- Final Exam: 35%

Participation The participation component of your grade will be based on evidence of your preparation and engagement with the material in class. Evidence of engaged learning includes timely arrival to class with demonstrated preparedness, contributing to class discussions, and eagerness to share one's learning.

Assignments There will be periodic assignments with an emphasis on applications. As these assignments are purely for your own benefit, they will not be graded. Answers will be provided after the “due date” to those who complete the assignments.

Referee Reports You will need to select two approved papers to write short referee reports on during the semester. These reports should be 1 – 2 pages and neatly divided into three sections: 1) Summary, 2) Main Comments, and 3) Minor Comments. In the summary, you should describe the main question the paper addresses, an overview of the methods, and the main conclusions. In section 2, you should provide a constructive critique of the paper. How compelling is the research question? Are the methods (theories, empirical approach, etc.) appropriate? What are some of the shortcomings? In section 3, you should provide any comments that would improve the paper (organization, clarity, etc.) but are not central to its overall message.

Midterms There will be two midterms during the semester. They will not be explicitly cumulative, but often times new material builds upon previous material. Each exam may include short answer questions (e.g. problems, discussion questions) as well as shorter, multiple choice questions. To calculate your semester grade, I will assign a 25% weight to your higher scoring exam and a 15% weight to your lower scoring exam. There are **no make-up midterms**. In the event that you cannot take the exam, your other exam will count towards 25% of your semester grade, and the other 15% weight will be added to the final exam. If you know ahead of time that you will miss both exams, please contact so that we can formulate an appropriate arrangement.

Final Exam The final exam will be cumulative and will account for 35% of your grade.

Grading Scale Semester grades will be based on a fixed grading scale, except that I reserve the right to curve exam grades *upward* in the event that a disproportionate fraction of the class does poorly. In other words, if you demonstrate a high degree of competence with the material, you will receive a high grade regardless of your relative rank in the class. There will be **no rounding** of semester grades.

The grading scale is as follows: A+ (97 – 100), A (93 – 96.99), A- (90 – 92.99), B+ (87 – 89.99), B (83 – 86.99), B- (80 – 82.99), C+ (77 – 79.99), C (73 – 76.99), C- (70 – 72.99), D+ (67 – 69.99), D (63 – 66.99), D- (60 – 62.99), F (<60).

Course Outline

1. Preliminaries

- (a) Introduction (Borjas ch. 1)

2. Foundations

- (a) Labor Supply (Borjas ch. 2)
- (b) Labor Demand (Borjas ch. 3)
- (c) Competitive Equilibrium (Borjas ch. 4)

MIDTERM 1

3. Applications and Extensions

- (a) Compensating Wage Differentials (Borjas ch. 5)
- (b) Human Capital (Borjas ch. 6)
- (c) Labor Mobility (Borjas ch. 8)
- (d) Labor Market Discrimination (Borjas ch. 9)

MIDTERM 2

4. The Aggregate Labor Market

- (a) The Wage Structure (Borjas ch. 7)
- (b) Unemployment (Borjas ch. 12)

5. The Employment Relation

- (a) Labor Unions (Borjas ch. 10)
- (b) Incentive Pay (Borjas ch. 11)

6. FINAL EXAM: Wednesday, December 14, 7:30am – 9:30am

MU Policies

Academic Integrity

Academic integrity is fundamental to the activities and principles of a university. All members of the academic community must be confident that each person's work has been responsibly and honorably acquired, developed, and presented. Any effort to gain an advantage not given to all students is dishonest whether or not the effort is successful. The academic community regards breaches of the academic integrity rules as extremely serious matters. Sanctions for such a breach may include academic sanctions from the instructor, including failing the course for any violation, to disciplinary sanctions ranging from probation to expulsion. When in doubt about plagiarism, paraphrasing, quoting, collaboration, or any other form of cheating, consult the course instructor.

Accommodation of Disabilities

If you anticipate barriers related to the format or requirements of this course, if you have emergency medical information to share with me, or if you need to make arrangements in case the building must be evacuated, please let me know as soon as possible. If disability related accommodations are necessary (for example, a note taker, extended time on exams, captioning), please register with the Office of Disability Services (<http://disabilityservices.missouri.edu>), S5 Memorial Union, 882-4696, and then notify me of your eligibility for reasonable accommodations. For other MU resources for students with disabilities, click on "Disability Resources" on the MU homepage.

Intellectual Pluralism

The University community welcomes intellectual diversity and respects student rights. Students who have questions or concerns regarding the atmosphere in this class (including respect for diverse opinions) may contact the Departmental Chair or Divisional Director; the Director of the Office of Students Rights and Responsibilities (<http://osrr.missouri.edu/>); or the MU Equity Office (<http://equity.missouri.edu/>), or by email at equity@missouri.edu. All students will have the opportunity to submit an anonymous evaluation of the instructor(s) at the end of the course.