

# ECON 4600 – Fall 2019

## Labor Economics

<b>Instructor:</b> Ian M. Schmutte	<b>Class:</b> TR 2:00–3:15pm
<b>Office:</b> Amos B408	Benson Hall C115
<b>E-mail:</b> schmutte@uga.edu	<b>Office Hours:</b> Weds. 2:00pm–3:00pm and by appointment

*This syllabus is a general plan for the course. Any deviations I announce supersede this document.*

## Basic Information

**Course Description:** The application of economics to the study of labor markets. Topics include: The demand for and supply of labor, unemployment, inequality, investments in education and job training, firm compensation strategies, and labor market discrimination. We will also discuss labor market policies and institutions such as the minimum wage, unemployment insurance, occupational health and safety legislation, and the role of labor unions.

**Prerequisites:** ECON 4010 (Intermediate Microeconomics).

### Textbook:

*Modern Labor Economics: Theory and Public Policy*, 12th Edition, Ronald G. Ehrenberg and Robert S. Smith

The textbook is not required, but you need it for homework assignments and to augment the lecture material. In past semesters, students have successfully used older editions. This book is available used for around ten dollars, but you should order it as soon as possible ([https://www.amazon.com/gp/offer-listing/0133462781/ref=dp\\_olp\\_used?ie=UTF8&condition=used](https://www.amazon.com/gp/offer-listing/0133462781/ref=dp_olp_used?ie=UTF8&condition=used)).

**Communication:** You can contact me through UGA e-mail, [schmutte@uga.edu](mailto:schmutte@uga.edu). Most communication outside of class, including distribution of notes and homework assignments, will occur via eLC. I will make most announcements during class, but you should also monitor both your UGA e-mail and eLC daily throughout the semester.

### Course Objectives

You will learn to use the tools of economics to study the exchange of labor services. By the end of the course, you will understand how economists use models and data to better understand how labor markets work. Labor economics is at the heart of many of today's most heated policy debates. We will discuss unemployment, income inequality, investments in education, the labor market effects of immigration, and many other topics. You will use what you learn to critically evaluate arguments that appear in the academic and popular press.

Our jumping off point is a model you already know: one 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 economy.

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 observational data, and several approaches to address it when studying labor markets empirically.

## Assessment

Homework	10%
Group Project	30%
Exam 1	30%
Exam 2	40%

### Homework

I will assign and collect homework with every topic we cover. I will only grade the homework for completion; not for accuracy. For full credit, you must thoroughly complete all parts of each assignment. However **receiving full credit on homework does not imply your answers were correct**. I will circulate homework solutions and we will go over some problems in class. **It is your responsibility to check your work to make sure you understand the homework problems and their solutions.**

### Exams

I will give two exams that consist of short answer questions to test your knowledge of concepts introduced in class along with longer analytic problems similar to those you will encounter in the homework. The exams are not cumulative.

You must take the exams during the scheduled times. I will not administer make-up exams.

### Honors Option and ECON 6600

It is possible to take this class with an honors option, and also to take it for master's degree credit when cross-enrolled for ECON 6600. Students should inform me of their interest in the honors option within the first week of classes and bring me the relevant paperwork to sign.

To receive credit for the honors option, students must submit a 2,000 word paper. I will announce the details of the paper assignment in class. For the honors option assignments, the following deadlines will apply:

1. Sep. 1: Submit a one-page description of your topic.
2. Oct. 1: Submit a list of at least five references on your topic.
3. Nov. 1: Submit an outline of your final paper.
4. Dec. 3: Final paper due.

Students in ECON 6600 must also submit a 2,000 word paper on any topic related to labor economics. The same deadlines apply. Students enrolled in ECON 6600 do not need to complete the group project. Their paper will count for 30 percent of the final grade. I will grade the paper using the same rubric that is used to assess the senior thesis (ECON 5900). Details of the exact paper assignment will be circulated in class.

### Group Projects

Students in ECON 4600 will work in groups of 2-3 students to write a short opinion essay on a topic directly related to the labor market. I will announce the details and deadlines for the group project in class.

### Final Grades

I will assign your final grade as follows:

A	$\geq 90$
B+	87-89
B	83-87
B-	80-82
C+	77-79
C	70-76
D	60-69
F	$\leq 59$

# Course Policies

## **Administrative Withdrawal**

I reserve the right to drop any student from the course who has missed a quiz or at least two homework assignments. In such a case, I will attempt to contact the student in class and via his or her UGA e-mail address prior to pursuing 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 within one week.

## **Attendance**

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 notes from your classmates. I will not take attendance regularly, and attendance will not factor directly into grading decisions.

## **Technology**

Make sure your phones, etc. are turned off before class starts.

## **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 <http://www.uga.edu/honesty>.

# Course Outline

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

## Key Dates

- First Exam: October 10
- Last class meeting: December 3
- Second Exam: December 12, 3:30–6:30pm

The following is a list of the topics we will cover and the associated textbook readings. The exact selection of topics, and the order in which they appear, are subject to change.

<i>Topic</i>	<i>Textbook Reading</i>
Introduction to Labor Economics	Chapters 1 & 2
Labor Market Inequality	Chapter 15
Testing Labor Market Models	Chapter 2 & Class Notes
<i>Quiz</i>	
Labor Supply	Chapters 6 & 7
Labor Demand	Chapter 3 & 4
Frictions and Market Power	Chapter 5
<i>Midterm Exam</i>	
Labor Market Data	Class Notes
Job Search and Unemployment	Chapter 14
Theory of Compensating Differentials	Chapter 8
Human Capital	Chapter 9
<i>Quiz</i>	
Immigration	Chapter 10
Labor Market Discrimination	Chapter 12
Incentive Contracts	Chapter 13