

Eco 330 – Labor Economics

Fall 2013

Contact Information

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Course Description

Labor economics is the study of how labor markets work. We will investigate numerous aspects of the labor market, including the supply of and demand for labor, labor-market equilibrium, human capital, unemployment, labor unions, compensating wage differentials, discrimination and immigration. The course focuses on the interplay between theory and facts; that is, we will use theory to understand facts and facts to test and inform theory.

Textbook and Supplementary Materials

George Borjas' *Labor Economics*, 5th edition. The textbook is available from the campus bookstore. All other materials, such as journal articles, book chapters and articles from blogs, will be provided electronically via the course webpage (<http://johnnunley.org/eco330.html#>) or email.

Critical Thinking and Communication (CTC) Courses

The economics department is in the process of implementing a new department-wide instructional strategy for several 300- and 400-level economics courses. The focus of the change is on strengthening students' critical-thinking and communication skills. A nested goal within the revision of the curriculum is an attempt to make the economics major provide a more integrative experience for students. Six upper-level courses have been redesigned. The courses under the CTC classification include the following: ECO 307 (Introduction to Econometrics, Forecasting and Time Series), ECO 336 (Women in the U.S. Economy), ECO 340 (International Economics), ECO 375 (Economic Development), ECO 400 (Monetary Theory and Policy), ECO 471 (Health Economics) and ECO 474 (Behavioral Economics). These courses have common critical thinking and communication expectations and assessment procedures. This course was recently added to the menu of CTC courses.

CTC courses will require (1) students to draw knowledge from readings in fields outside the course content and to apply this knowledge to new situations within the field; (2) students to communicate results in formal and informal writing assignments and/or oral presentations; and (3) collaboration among faculty in designing the CTC curriculum, assuring complementarity across courses, common expectations of students, and a common means for evaluating and assessing student work.

Learning Objectives

1. Manipulate and use supply-and-demand models to determine the impact of policies and exogenous events specific to labor markets on equilibrium wage rates and quantities of labor transacted.
2. Predict the impact of exogenous changes to an individual's budget and/or preferences on the labor-leisure decisions of individuals using models of utility maximization.
3. Construct models of profit maximization (or cost minimization) to determine the predicted impact of exogenous changes in technology and factor prices on a representative firm's demand for labor.
4. Derive the market supply and demand curves for labor using models of individual behavior.
5. Evaluate labor-market policies from the standpoint of social efficiency (i.e. optimality).
6. Identify the different ways schooling and training can alter a worker's productivity.
7. Recognize, relate and assess alternative theories devised to explain why workers are paid differently (e.g., compensating wage differentials, human capital, discrimination).
8. Classify, differentiate and evaluate the competing theories of discrimination in labor markets.
9. Describe, differentiate and compare different types of unemployment (e.g., frictional, seasonal, structural) and discuss how and why the different types of unemployment might arise.

Course Webpage and Other Resources

The course webpage is accessible via the following link: <http://johnnunley.org/eco330.html>. The majority of the course materials can be found through the course webpage, which includes lecture slides, notes, assignments, exams, and the solutions to assignments and exams.

As part of a economic education grant from the [Kazanjan Foundation](#), Professor James Murray and I are in the process of developing a webpage that has numerous "pencasts" that cover introductory microeconomics/macroeconomics, intermediate microeconomics/macroeconomics, labor economics, and monetary theory/policy. Pencasts are short videos of someone writing on notebook paper while explaining some of the most difficult concepts from the required readings. Pencasts are more interactive than traditional videos, as it is possible to click anywhere on the notebook page to advance to that point in the video. While there are several pencasts for this course currently available, I will be adding pencasts for this course to the webpage throughout the semester. I will notify the class when new pencasts are available. The website that houses these pencasts is <http://econocast.org>, and the webpage that is specific to this course is <http://www.econocast.net/labor/>.

Desire-to-Learn (D2L)

The Desire-to-Learn (D2L) course management system is used *only* to disseminate grades to students. In the past, I have used D2L to provide course content to students, but maintenance issues that often arise during the semester are sometimes inconvenient. As a result, I have moved the content of my courses back to a traditional webpage. The dissemination of grades to students via D2L is useful due to privacy issues, as grades constitute private information between instructors

and students. I **will not** email grades to students under any circumstance. If D2L is not accessible, students must see me face-to-face to obtain information regarding their grades.

Grading

The final grade is composed of six components: attendance (5 percent), homework (15 percent), informal writing assignment (10 percent), exams (40 percent), research paper (25 percent), and poster presentation of research paper at the Economics Department's biannual CTC Conference (5 percent). The following equation explicitly shows how the final grades will be computed:

$$\begin{aligned} \text{final average} = & 0.05(\text{attendance}) + 0.15(\text{homework average}) + 0.10(\text{informal}) \\ & + 0.40(\text{exam average}) + 0.25(\text{term paper}) + 0.05(\text{poster}) \end{aligned}$$

A *final average* of 93 or above is an "A"; 89 to 92 is an "A/B"; 83 to 88 is a "B"; 79 to 82 is a "B/C"; 70 to 78 is a "C"; 60 to 69 is a "D"; and below 60 is an "F". The final grades are nonnegotiable. If you earn a final grade of 88, this is a "B" not an "A/B". If your goal is to earn an "A" or "A/B" in this class, you should work hard to understand the homework and practice problems, attend class regularly, ask questions in class, participate in the lectures, watch the available pencasts, and read the textbook. Do not bother coming by my office or sending an email begging for a higher grade at the end of the semester. This will be an ineffective means of achieving your goal. If you are struggling with the material, stop by my office or set up an appointment with me *early* in the semester. More information is provided below on each component of the final grade.

- *Attendance*

In my opinion, it is very important for students to attend class regularly, as students who do not attend class on a regular basis typically perform much worse than those who attend class regularly. I attempt to make the classroom an active environment, in which I present the theory, provide real-world applications, discuss what empirical evidence exists on the topic, and require students to work in groups to solve applied problems. The in-class interaction fosters a better learning environment and, if embraced, should lead to better performance on all graded components of the course. Attendance will be taken each class period, except when an exam is scheduled. The attendance grade is based on the percentage of classes attended.

- *Homework*

There will be five homework assignments, which are comprised of short-answer/essay questions. Students will form groups of three, and I will collect only one group member's answers. Each student must, however, produce their own answers, as I will not tell you in advance which group member I'll collect the answers from. Everyone in the group will receive the same grade. The goal of this setup is to make sure everyone is participating. The uncertainty regarding whose assignment I will collect provides incentives for group members to make sure everyone in the group is on the same page. Late homework *will not* be accepted!

- *Informal Writing Assignments*

Because this course is a CTC course, there are two informal writing assignments. These assignments require students to read articles outside of the course content and write a critical essay about the articles. I have prepared the first assignment in advance, which is available for download via the course webpage. The first informal writing assignment is due in on October 18th, and the second informal writing assignment is due on the last day of class. My plan is to provide the second informal writing assignment early in the semester. The informal writing assignments must be submitted on time to receive credit.

- *Exams*

Three regular exams will be given over the course of the semester, which will be administered during class. Students will have the entire class period to complete the exams. The exams will be similar to the homework assignments. The questions will be in short-answer/essay format. The average of the three exams makes up the exam portion of the final grade. However, students will have an opportunity to improve their exam average by taking an **optional comprehensive final exam** on Friday, December 13th from 4:45 pm until 6:45 pm. Any regular exam score that is less than the final exam score will be replaced by the final exam score. As an example, consider the table below, which shows three hypothetical students and their exam grades.

Student	Exam #1	Exam #2	Exam #3	Pre-Final Exam Average	Final Exam	Post-Final Exam Average
Student A	57	90	63	70	80	83
Student B	70	70	100	80	55	80
Student C	90	90	90	90	95	95

Student A had a 70 exam average before the final exam. But Student A improved their exam average by scoring an 80 on the final exam. Note that the 80 Student A scored on the final exam replaces the scores for Exams #1 and #3 but not Exam #2. Therefore, the exam grades used to calculate Student A's exam average are 80, 90, and 80. Student A's final exam average improves to 83. Student B had an average of 80 before the final exam. However, their final exam score of 55 is not greater than any of Student B's other exams scores. As a result, Student B keeps the 80 exam average that they had before taking the final exam. Student C had a 90 exam average before the final exam. This student scored a 95 on the final exam, which replaces their scores on Exams #1, #2, and #3. As a result, Student C's exam average improves to 95.

- *Research Paper*

Certain assessment activities must be common across courses under the CTC classification. One requirement for all CTC courses is for students to produce an original research paper, which should be approximately 12-15 pages in length, excluding tables, figures and references. Detailed guidelines for the research project will be provided in a separate document, which is available for download via the course webpage. The research papers will be produced by teams of two students. If there is an odd number of students enrolled in the course, one group will have three members. The groups will be determined during the second or third week of classes, at which point the class roster will likely be finalized. The research papers are due on Wednesday, December 18th by 9:00 pm. Research papers submitted after the deadline will receive a zero.

- *Poster Presentation*

Students must create a digital poster presentation of their research project. In writing the research paper, students will have completed the necessary work to put together a poster presentation. As a result, it requires on slightly more effort to create the poster presentation. Guidelines for creating the digital posters are provided on the course webpage. Examples of

high quality digital posters from previous semesters will also be provided closer to the end of the semester. The digital poster presentations will be displayed at a location with the research projects completed by all students who are taking CTC courses. More information will be provided later in the semester regarding the date, time and location of the CTC conference. The information on the CTC conference will be provided early in the semester so that students are able to plan to be in attendance. It is a requirement that all students attend the CTC conference!

Make-up Exams

I will allow students to make-up an exam **if and only if** three conditions are met: (1) I am notified before the exam date; (2) the reason for missing the exam is sensible and verifiable; and (3) the make-up exam is taken before the answers to the exam are posted online. However, given that the final exam replaces any exam score that is less than the final exam score, the score received on the final exam replaces the “zero” assigned for missing an exam.

Student Expectations

Labor economics is a field that relies heavily on theory and data. As a result, students should be prepared use mathematics and statistics on a regular basis. A basic but solid understanding of statistics is the only requirement for this class (knowledge of differential calculus is a plus). Throughout the course, notes or in-class reviews covering the mathematics and statistics necessary for specific topics will be provided to students.

Students should expect to spend 10-12 hours per week outside of class studying, reading the textbook, watching pencasts, working on assignments, and preparing their research paper and poster presentation. More time may be required toward the end of semester, as the due date of the research paper approaches.

I expect students to (a) attend each class, (b) read the relevant material before class, (c) review the content covered in class, (d) complete and submit assignments on time, and (e) participate in classroom activities. If students meet these expectations, grades will take care of themselves.

Labor economics can be fun and interesting, but learning the tools and analysis used by labor economists will require significant effort on the part of the students. This is a difficult course, and no instructor can magically make it easy. A lot of material will be covered, and much of it is technical in nature. If students are not willing to devote a significant amount of time to studying the course material, I suggest taking a course that requires less of a time commitment.

Tardiness

Arriving late to class is unacceptable, as doing so disrupts the entire class. “On time” means being seated and ready for class at the time class is set to begin, not walking in the classroom at that time. At this point, I do not want to have a policy regarding tardiness, other than to say it should be avoided. If tardiness becomes a problem, I will pursue extreme ways to address the issue (e.g., reducing the grades of violators, locking the door when class begins, etc.), as it may be necessary to raise the cost significantly in order to deter the practice of arriving late. If everyone arrives on time, there will not be any problems.

College of Business Administration Undergraduate Program Outcomes

The following are the abbreviated learning outcomes for the College of Business Administration’s undergraduate degree program:

- Communication – the ability to convey information and ideas effectively.*

- Decision Making and Critical Thinking – the ability to evaluate alternatives and understand the ramifications of those alternatives within a given business context.*
- Global Context of Business – the ability to integrate global perspectives in business decisions.
- Major Competency – proficiency in the primary functional area of study.
- Social Responsibility – the ability to consider the effects of business decisions on the entire social system.

For more information, visit <http://www.uwlax.edu/ba/undergrad/uccgoals.htm>. The learning outcomes with an * are the outcomes that are particularly relevant for this course.

Students with Disabilities

Any student with a documented disability (e.g., physical, sensory, psychological, learning disability, AD/HD, or are a current or prior military service member with wounded warrior status) who needs to arrange reasonable accommodations must contact the instructor and the Disability Resource Services office (165 Murphy Library, 608-785-6900, ability@uwlax.edu) at the beginning of the semester. Students who are currently using the Disability Resource Services office will have a copy of a contract that verifies they are qualified students with disabilities who have documentation on file in the Disability Resource Services office. It is the student's responsibility to communicate his/her needs with the instructor in a timely manner. Review the Disability Services office website at <http://www.uwlax.edu/drs/>.

Academic Misconduct

Statement of Principles

The Board of Regents, administrators, faculty, academic staff, and students of the University of Wisconsin system believe that academic honesty and integrity are fundamental to the mission of higher education and of the University of Wisconsin System. The University has a responsibility to promote academic honesty and integrity and to develop procedures to deal effectively with instances of academic dishonesty. Students are responsible for the honest completion and representation of their work, for the appropriate citation of sources, and for respect of others' academic endeavors. Students who violate these standards must be confronted and must accept the consequences of their actions.

What is Academic Misconduct?

Academic misconduct is an act in which a student (a) seeks to claim credit for the work or efforts of another without authorization or citation; (b) uses unauthorized materials or fabricated data in any academic exercise; (c) forges or falsifies academic documents or records; (d) intentionally impedes or damages the academic work of others; (e) engages in conduct aimed at making false representation of a student's academic performance; or (f) assists other students in any of these acts.

Examples

Examples of academic misconduct include, but are not limited to cheating on an examination; collaborating with others in work to be presented, contrary to the stated rules of the course; submitting a paper or assignment as one's own work when a part or all of the paper or assignment is the work of another; submitting a paper or assignment that contains ideas or research of others without appropriately identifying the sources of those ideas; stealing examinations or course materials; submitting, if contrary to the rules of a course, work previously presented in another course;

tampering with the laboratory experiment or computer program of another student; knowingly and intentionally assisting another student in any of the above, including assistance in an arrangement whereby any work, classroom performance, examination or other activity is submitted or performed by a person other than the student under whose name the work is submitted or performed.

Syllabus Changes

I reserve the right to change the course syllabus. If changes are made, adequate notice will be provided. I *will not* change the ways in which grades are assigned, with the exception of a possible change in policy regarding tardiness. As I mentioned above, there is no formal policy on tardiness, but I reserve the right to adopt one should it become necessary. The most likely changes (if any) will be to the course outline (see below).

Tentative Course Outline

Chapter 1 – Introduction to Labor Economics

Chapter 2 – Labor Supply

Chapter 3 – Labor Demand

Exam #1

Chapter 4 – Labor Market Equilibrium

Chapter 5 – Compensating Wage Differentials

Chapter 6 – Human Capital

Exam #2

Chapter 9 – Labor Market Discrimination

Chapter 12 – Unemployment

Exam #3

Final Exam (*Comprehensive* – Friday, December 13th from 4:45 pm — 6:45 pm)