

Economics 477
Labor Economics

Instructor: Professor Kenneth Troske Winter 2008
Office: 335AY Business & Economics Bldg. Class Meeting Time: 2:00-3:15 T, Th.
Office Hours: 3:30 - 4:30 T, 10:00-11:00 F and by appt. Classroom: BE 301
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Course Description

The focus of this course is to use economic analysis to understand the labor market. The main part of the course analyzes labor demand decisions by profit-maximizing firms, labor supply decisions by rational workers, and employment and wages resulting from the interaction of these agents in a competitive market. This analysis will enable us to understand a variety of labor market phenomenon and policy issues. Additional topics covered in this course include: compensating wage differentials, labor market contracts, human capital, and discrimination.

Course Materials

The text for the course is:

Ehrenberg, Ronald and Smith, Robert, *Modern Labor Economics: Theory and Public Policy*, Addison-Wesley, 10th edition, 2006.

Problem Sets, Exams and Grades

Your grade will be determined by your performance on four problem sets, a midterm exam and a final exam. The final exam will be cumulative. You will also be graded on your classroom participation so it is important to attend class on a regular basis. The final grade will be determined by:

Class Room Participation:	10%
Four Problem Sets	20% (each one is worth 5%)
Midterm Exam	30%
Final Exam	40%

I grade on a curve. The curve and your final grade will be determined at the end of the semester based on your performance on the problem sets and exams and on my assessment of your participation in the classroom. I will provide you with an indication of what your grade is on the midterm exam once the exam has been graded. However, this is only an approximation based on the scores of students on that exam, and not taking into account the scores on the problem sets or classroom participation.

Grades are assigned depending on your point accumulation throughout the term. In determining your grade, I follow the University rules regarding the marking system. It is the following (with slight paraphrasing).

- A: Represents exceptionally high achievement.
- B: Represents high achievement.
- C: Represents average achievement.
- D: Represents the minimum passing grade.
- E: Represents unsatisfactory performance and indicates failure in the course.

The in-class exam is scheduled for Thursday, October 23rd.
The final exam is scheduled for Thursday December 18, 2008 from 10:30am-12:30pm.

Problem Sets

There will be four problem sets during the semester. I have listed the due dates for the problems sets on the class schedule. The problem set will be handed out a week prior to the due date. Your grade on these problems sets will count towards you final grade. The problem sets will be due at the beginning of class on the due date. At that time I will hand out the answers to the problems sets. **Therefore, I will not accept late problems sets.** If you cannot attend the class when the problems set is due, or if you are going to be late to class that day, then you will need to turn in your problem set prior to class. You can put it in my mail box in the economics department or you can email me a copy. Answers to the problem sets will not be posted on the web. Students may work together to solve the problems on the problem sets. However, each student must independently write up their answers.

Make-up Exams

A makeup exam may be given if you are unable to take the exam at the scheduled time. However, you must make arrangements with me, in person, at least two weeks prior to the date of the regularly scheduled exam. Unless you make arrangements prior to the exam, no makeup exams will be offered. For those who miss an in class exam due to an extreme emergency, the weight on the final exam will be adjusted to include the missed exam. You will have to provide documentation proving you had an emergency and could not attend the exam.

Special Needs

Any student with a disability who is taking this course and needs classroom or exam accommodations should contact the Disability Resource Center, Room 2 Alumni Gym, 257-2754.

Academic Honesty

Cheating is in no way tolerated at The University of Kentucky. Anyone caught cheating will be penalized severely. The full penalty will be determined in consultation with the Chairman of the Department of Economics. The minimum penalty is an "E" for the course.

Course Schedule

<u>Dates</u>	<u>Topics</u>	<u>Readings</u>
8/28	Introduction	Ch. 1
9/2-9/4	Some labor market facts; Basic Supply & Demand	Ch. 2
9/9-9/18	Labor Supply	Ch. 6
9/23-9/30	Labor Demand	Ch. 3 (incl. appendix)
9/23	First Problem Set Due	
10/2-10/7	Labor Demand Elasticity	Ch. 4
10/9-10/21	Labor Market Frictions	Ch. 5
10/9	Second Problem Set Due	
10/23, Thursday	MIDTERM	--
10/28-11/4	Household Production	Ch. 7
11/6-11/11	Compensating Differentials; Fringe Benefits	Ch. 8
11/13-11/18	Human Capital: Schooling and Training	Ch. 9
11/13	Third Problem Set Due	
11/20-11/25	Worker Mobility and Immigration	Ch. 10
11/27	Thanksgiving	
12/2-12/4	Economics of Discrimination	Ch. 12
12/4	Fourth Problem Set Due	
12/9-12/11	Pay and Productivity	Ch. 11
12/18, Thursday	FINAL EXAM, 10:20am-12:30pm	