

Economics 477: Labor Economics

University of Kentucky

Spring Semester 2004

URL: <http://gatton.uky.edu/Faculty/yelowitz/477/spring2004.html>

Lectures

Tuesday/Thursday, 12:30-1:45 pm, Business and Economics Building 301.

Relevant info on me

Professor Aaron Yelowitz

Office: 335W Business and Economics Building

Office hours: Tuesday/Thursday 3:30 pm-4:30 pm, and by appointment.

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My background: I am an associate professor in the economics department. This is my third year at UK. Before I joined UK, I was an assistant professor in the economics department at UCLA, from 1994 to 2001. I received my Ph.D. in economics from MIT in 1994, and my B.A. from UC Santa Barbara in 1990. My research interests have focused on low-income households - especially concerning the housing and health insurance decisions that these groups are faced with. In some parts of the course, particularly on the U.S. welfare system, I will incorporate some of my previous research.

Enrolling in this class

If you want to enroll in this class, you need to talk to Debbie Wheeler in the economics department; she handles that.

Course Description

The course presents theories of labor markets, and some evidence on whether the theories work. The core material analyzes labor demand decisions made by profit-maximizing firms, labor supply decisions made by rational workers, and the equilibrium patterns of employment and wages resulting from the interaction of these decisions in competitive markets. Topics include: compensating wage differentials, human capital, the wage structure, labor mobility, the economics of discrimination, effects of unions on employment and wages, labor market contracts, and unemployment.

Prerequisites

Economics 201 and 202. Calculus will be used in this course, you cannot get through this class without it. The quizzes will have a math-emphasis.

Textbook / On-line class notes

George J. Borjas, *Labor Economics*, 2nd edition (McGraw-Hill Higher Education, 2000, ISBN 0072311983). I will put the class lectures on the web site. You will be able to download these notes and the figures in Acrobat format. The on-line figures are in color, but you should be able to interpret them easily even in black and white. There are a lot of figures – unlike the textbook, which has one graph for one concept with a lot of details, the lecture note graphs go through the concept in many steps. Feel free to download the notes, or get a copy of the notes from a classmate. This is the first time I am teaching labor economics at the undergraduate level, so **I may not always make the lecture notes available until after the class lecture**. You are responsible for taking good notes in class. I may also introduce Powerpoint slides into the lectures (and make them available afterwards on the web site).

The Internet

The web site will have links to download the lecture notes. In addition, I will sometimes send announcements by email.

Preparing for Class

To the extent they are available, you should download and read the lecture notes ahead of time. We will follow the general topics of the textbook quite closely.

Studying for the Exams

As this is the first time that I have taught undergraduate Labor Economics, I do not have old quizzes for you. During lecture, I will try to signal what concepts are important and hopefully it will translate into good exam performance.

Grading

1. The final is on Thursday, May 6, 2004 at 1:00 pm. The final will be cumulative. It will count for 25% of your grade.
2. You will be given three quizzes; the best two count for your grade. Each quiz counts for 25% of your grade, and altogether the best two count for 50% of your grade.

Quiz dates

Quiz #1: February 10, 2004 (Tuesday)

Quiz #2: March 4, 2004 (Thursday)

Quiz #3: April 8, 2004 (Thursday)

3. Attendance – 25% of grade. At random points during the semester, I will take attendance and award points to those who are in attendance that day. The amount of points may vary, with 25 points total.

The quizzes will be based on the lectures and the textbook readings. The lecture and readings will not always cover the same material -- you are responsible for the material in the lectures and all the readings. Please check to be sure that you can take all the quizzes (or at least two of the three if you are feeling very confident): *there will be no alternative dates for the quizzes.*

Grading Policy

Grades will be based on quizzes and the final only. Procedure for re-evaluation of disputed exam scores: Requests must be submitted *in writing* with an explanation of the error the student believes has been made. Written requests and quiz sheet must be submitted within one week of the date on which the exams are returned. All quizzes submitted for re-evaluation will be entirely regraded. The curve depends on my assessment of class performance. Historically, the median grade in the class has been a B.

University Holidays / Cancelled Classes

According to the university calendar, there will be no class on March 16 or March 18 for Spring Break.

Economics 477 Course Outline, Spring 2004

I. Introduction and Tools of Labor Economics

- A. Introduction to labor economics
Borjas, Chapter 1, and appendix

II. Labor Supply and Demand

- A. Labor Supply
Borjas, Chapter 2
- B. Topics in Labor Supply
Borjas, Chapter 3
- C. Labor Demand
Borjas, Chapter 4
- D. Labor Market Equilibrium
Borjas, Chapter 5

III. Other Issues in Labor Markets

- A. Compensating Wage Differentials
Borjas, Chapter 6
- B. Human Capital
Borjas, Chapter 7
- C. The Wage Structure
Borjas, Chapter 8
- D. Labor Mobility
Borjas, Chapter 9
- E. Labor Market Discrimination
Borjas, Chapter 10
- F. Labor Unions
Borjas, Chapter 11
- G. Labor Market Contracts and Work Incentives
Borjas, Chapter 12
- G. Unemployment
Borjas, Chapter 13