

Economics 139 – Labor Economics, Fall 2006

2:00-2:50pm, Monday/Wednesday/Friday, Solis Hall

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Web Page: Go to <http://webct.ucsd.edu>

(Please see the class web page for the TA's office hours)

OBJECTIVES:

This course will introduce you to a variety of theories about the labor market, and we will evaluate how well those theories explain observed patterns in the data. Thus, after taking this course, you will know more about a) economic theory, b) the methods that economists use to test those theories and c) observed trends in wages, employment, education and other labor market phenomena.

PREREQUISITES:

It is assumed that you *know* the material covered in Econ 1.

HOMEWORK:

There will be (almost) weekly homework assignments posted on the class web page. I will announce in class when each assignment is posted and when it is due. Each homework assignment is worth 2 points and the grading is as follows: 2 points if all of the problems have been attempted AND if all work has been shown, 1 point if only some of the problems have been attempted OR if work has not been shown OR if the work is of poor quality, and 0 points if the assignment is not handed in or is late. Note that your homework grade does not depend on whether you get the correct answer, but rather on whether you have made a good faith effort to complete the assignment. Correct answers are important, but the goal of these homework assignments is to give you practice at solving the types of problems that you will see on exams. The lowest homework grade will be dropped. This is to allow some flexibility for students who are sick or who have other critical conflicts. Answers will be posted on the web shortly after the assignment is due.

To ensure that you get full credit for your homework, please make sure that your name and student ID number are clearly written in the upper right-hand corner of *every* page, and also please staple your assignments.

Important: Homework is due at the beginning of class. If you cannot come to class on the day that an assignment is due it must be turned in to **the drop-off box in Sequoyah Hall 245** by 2:00pm the day **before!!** Late assignments will receive a zero.

EXAMS:

There will be a midterm and a *cumulative* final. The midterm will be on **Friday, October 27th in class**. The final will be on **Friday, December 8th from 3:00pm-6:00pm**. These dates are NOT negotiable.

Note: If you miss the midterm for a verifiable medical/legal/sports reason, then your midterm grade will be your grade on the final. Otherwise you will receive a zero, no exceptions!! In the event that you miss a midterm, contact me immediately.

GRADES:

Homework (20%), Midterm 1 (30%), Final (50%)

TEXTBOOK:

The basic text is *Labor Economics*, 3rd Edition, by George Borjas, (Irwin McGraw-Hill, 2005), which is available at the Bookstore. The 2nd Edition is also fine.

SUPPLEMENTAL READING:

These readings are required. They are on electronic reserve at the library.

SR1: McGratten, Ellen R. and Richard Rogerson, "Changes in Hours Worked, 1950-2000," Federal Reserve Bank of Minneapolis Quarterly Review, July 2004, 28:1, 14-33.

SR2: Blank, Rebecca, "Fighting Poverty: Lessons from Recent US History," Journal of Economic Perspectives, Spring 2000, 14:2, 3-19.

SR3: Kahn, Larry, "The Sports Business as a Labor Market Laboratory," Summer 2000, Journal of Economic Perspectives, 14:3, 74-94.

SR4: Gottschalk, Peter, "Inequality, Income Growth, and Mobility: The Basic Facts," Journal of Economic Perspectives, Spring 1997, 11:2, 21-40.

SR5: Yinger, John, "Evidence on Discrimination in Consumer Markets," Journal of Economic Perspectives, Spring 1998, 12:2, 23-40.

SCHEDULE:

This is a *rough* guide, and may change. It is up to you to keep up with the reading. It is strongly recommended that you complete the reading before coming to lecture. You are responsible for *all* of the material in the chapters listed below. However, exams will emphasize material covered in class. In the table, SR stands for Supplemental Reading.

Topic	Reading
Week 1: Labor Supply	Chapter 2, SR1
Week 2: Topics in Labor Supply	Chapter 3, SR2
Week 3: Labor Demand	Chapter 4
Week 4: Labor Market Equilibrium	Chapter 5, SR3, pp. 75-83
Week 5: Compensating Wage Differentials	Chapter 6
Week 6: Human Capital	Chapter 7
Week 7: The Wage Structure	Chapter 8, SR4
Week 8: Labor Mobility	Chapter 9
Week 9: Labor Market Discrimination	Chapter 10, SR5
Week 10: Labor Unions	Chapter 11