

**Department of Economics Spring 2015
Rutgers University**

**ECON 50: 220: 313:91
ECONOMICS OF LABOR
Instructor: Noha Emara**

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Classroom and time: BSB-134, Mon./Wed./Fri., 10:10am- 11:05am.

COURSE DESCRIPTION

The course provides an analysis of labor markets, including determination of wage levels, compensation and working conditions, investment in human capital, differential wages, discrimination, racial and gender disparities, labor migration and unions, strikes and collective bargaining. In addition, the course examines current issues facing employees and unions in the United States.

PREREQUISITES

Microeconomic Principles (50:220:102) AND Macroeconomic Principles (50:220:103)

TEXTBOOK

The text for this course is: Thomas Hyclak, Geraint Johnes, Robert Thornton, Fundamentals of Labor Economics, Second Edition, South-Western, 2013 (ISBN: 978-1-133-56158-3). This is an excellent textbook and should be available in the University Bookstore on Cooper St. You can also rent the textbook, buy e-Book, or buy e-Chapters of the textbook through the Cengagebrain

website on: <http://www.cengagebrain.com/shop/ISBN/9781133561583>. The text has an additional resource website which includes chapters outline, glossary, and flashcards for each chapter of the book

<http://college.cengage.com/economics/hyclak/fundamentals/1e/students/index.html>.

WEB ACCESS

The course web page is available through Sakai. Announcements, Assignments, additional papers to accompany each chapter, and a secure grade book will all be on Sakai website. You are responsible for checking announcements, grades, and discussion board frequently. If you miss a class, please check Sakai for any announcements, handouts and other information.

ONLINE ASSIGNMENTS

There will be a total of five assignments. The five assignments will count a total of 20% toward your final grade. The assignments consist of a series of multiple choice questions and true/false questions. The assignments will be posted on almost every other

Wednesday and answers will be submitted online. The assignments will be posted on almost every other Wednesday and answers will be submitted online. You will have ONE WEEK to finish and submit the assignment. The post dates for the assignments are **January 28, February 11, February 25, April 1 and April 15**. The due dates for the assignments are **February 4, February 18, March 23, April 8, and April 22**.

FRIDAYS ONLINE CLASS'S ASSESSMENTS

There will be no in-class instructions on Fridays. However, on every Friday (fourteen Fridays excluding the spring recess) throughout the semester, you are required to take an online assessment posted under Sakai. The assessments are either multiple-choice questions or the articles assigned on different topics. These Friday's assessments are posted on every Friday at 12:00am and will be due on the same day at 11:59pm. This means you will have **ONE DAY** to finish and submit the assessment. The total fourteen assessments will count a total of 20% of your final grade in the course.

EXAMS

- Two Midterms and one non-cumulative Final exam. All exams are multiple-choice question and are taken in class.
- The first Midterm is scheduled for Wednesday February 18.
- **The second Midterm is scheduled for Wednesday March 25.**
- The final exam TBA

THERE WILL BE NO MAKE-UP EXAMS WITHOUT A DOCUMENTED MEDICAL EXCUSE.

GRADING

Online Assignments 20%
Hybrid Friday Class Quizzes 20%
Midterm Exam I 20%
Midterm Exam II 20%
Final Exam 20%

GRADES CUTOFF

A	90-100
B+	85-89.99
B	80 - 84.99
C+	75 - 79.99
C	70 - 74.99
D	60 - 69.99
F	0 - 59.99

IMPORTANT DATES

- Wednesday January 21: First day of the class.
- Wednesday February 18: Midterm exam I (in-class).
- **Wednesday March 25: Midterm exam II (in-class).**
- Spring Recess: March 14 – 22.
- Wednesday April 29: Last day of the class (in-class).

- Friday May 1: Last day of the class (Hybrid).
- Final Exam: TBA (in class).

FINAL REMARKS

- I will NOT accept late assignments and I will NOT accept any assignments by email or fax.
- You can use a calculator for the exams.
- You may work with your classmates on the assignment and/or Friday's assessments but each student has to submit the answers online and independently.
- Midterm and Final exams are closed book.
- You must turn off your cell phone during the class and exams.
- Attendance is important in this course.
- Academic dishonesty, including cheating, is never acceptable.

TENTATIVE TOPICS

These topics are subject to change. Students are responsible for all topics covered in the lecture notes.

Topic I: The Labor Market

- Introduction to the course
- The evolution of the labor theory

Readings: Chapter 1.

Topic II: Labor Supply

- Theory of the labor/leisure choice.
- Qualifications to the Labor/leisure model
- Patterns in the labor force participation

Readings: Chapter 4 and Chapter 5

Topic III: Labor Demand

- The elasticity of the demand for labor in the short and the long run.
- Product demand versus labor demand.
- Productivity growth and the demand for labor.

Readings: Chapter 2 and chapter 3.

Topic IV: Wage Determination

- Wage determination in competitive market and monopsony market.
- Minimum wage.
- Segmentation and dual labor market theory

Readings: Chapter 7 and Chapter 9

Topic V: Human Capital Model

- Theory of human capital
- Human capital versus screening
- On-the-job training.

Readings: Chapter 6

Topic VI: Occupational Wage Differentials

- Job attributes, Hedonic theory, and economics of employee benefits.
- Occupational licensing and occupational attainment.

Readings: Chapter 15

Topic VII: Discrimination

- Theories of market discrimination
- Measurement of discrimination
- Government programs to combat discrimination
- Racial and Gender disparities

Readings: Chapter 13

Topic VIII: Unemployment

- Types of unemployment
- Causes of unemployment
- Composition of unemployment

Readings: Chapter 14

Topic IX: Labor Unions and their Economic Impact

- Determination of union membership
- Measuring union-non union wage differential
- Five dimensions of union wage effect

Readings: Chapter 12

Additional Readings to be Assigned during the semester:

1. Durden, G. and Gaynor, P. "More on the Cost of Being Other than White and Male: Measurement of Race, Ethnic, and Gender Effects on Yearly Earnings." *American Journal of Economics and Sociology* 57(1), 1998, 95-104.

2. Hoynes, Hilary W., Marianne E. Page, and Ann Huff Stevens. 2006. "Poverty in America: Trends and Explanations." *Journal of Economic Perspectives*. 20(1): 47-68.

3. Juhn, Chinhui and Simon Potter. "Changes in Labor Force Participation in the United States." *Journal of Economic Perspectives* 20(3), Summer 2006, pages 27-46.

4. Hotz, V. Joseph and John Karl Scholz, "Not Perfect, but Still Pretty Good: The EITC and Other Policies to Support the US Low-Wage Labour Market." *OECD Economic Studies* (31), 2000, pages 25-42.

5. Moffitt, Robert. 2003. "The Negative Income Tax and the Evolution of U.S. Welfare Policy." *Journal of Economic Perspectives*, 17(3), Summer 2003, 119-140.

6. Wolfe, Barbara. 2000. "Incentives, Challenges, and Dilemmas of TANF." IRP Working Paper 1209-00. May 2000.

7. Rindfuss, R., Brewster K., and Kavee, A., "Women, Work, and Children: Behavioral

and Attitudinal Change in the United States”, *Population and Development Review* 22(3), September 1996. 457-482.

8. Ward, M. and Topel, R., "Job Mobility and the Careers of Young Men," *Quarterly Journal of Economics* 107, no. 2 (May 1992):439-73.

9. Card, David and Alan B. Krueger, “Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania,” *American Economic Review*, 84(4), September 1994. Pages 772-793.

10. Weiss, Andrew, “Human Capital vs. Signalling Explanations of Wages,” *Journal of Economic Perspectives*, 9(4), Fall 1995, 133-154.

11. Blau, Francine D. and Lawrence M. Kahn, “Gender Differences in Pay,” *Journal of Economic Perspectives*, 14(4), 2000: 75-99.

12. Darity, William A. Jr. and Patrick L. Mason. 1998. “Evidence on Discrimination in Employment: Codes of Color, Codes of Gender,” *Journal of Economic Perspectives*. 12(2): 63-90.