Econ 700-1
Labor Economics

Spring 2012
Prof. Kangoh Lee

1. Required Textbook and readings:
In addition to the textbook, the course relies on research articles published in economic journals.
Most of the articles can be electronically downloaded from the SDSU library website (use JSTOR, EconLit, Google Scholar, or individual journal website). Important articles are listed at the end of this syllabus, but the list may be adjusted if necessary.

2. Course Description: This course mainly studies human capital, investment in skills, incentives and agency problems, wage inequality and technology, unemployment and search, labor unions, minimum wages, and labor supply. The focus is on efficiency and equity of resource allocations, and on their implications for economic policies.

3. Course Objectives/learning outcomes: This course is intended to help students understand the labor market outcomes, and their efficiency and equity. Upon completion, students should be able to analyze and evaluate the labor market and related government policies in terms of efficiency and equity.

4. Topics to cover: see the attached list of possible topics.

5. Office and Hours: Office 317 Nasatir Hall, 619-594-8496
Office Hours: 10:30 – 12:00 and 2:00-4:00 on MW,
10:30 – 12:00 and 3:15-4:15 on TTH, and by appointment

6. Blackboard: the course will use the university blackboard, and basic course information will be placed on the blackboard. Students will need to register for a blackboard account.
A. Lecture Plans and Exam Information: Lecture plans and lecture outlines/slides will be posted each week, which will give students an idea of what to cover and help them prepare for the class. I will also post upcoming exam information.
B. Homework Questions: Homework questions will be posted.

7. Grade: The course grade depends on three exam scores (two mid exams and the final exam), homework questions, and research critique. The weight of each component is as follows: the first mid exam (20%), the second mid exam (20%), the final exam (30%), homework questions (20%), and research critique (10%). If the weighted average is 93.3 (90) or above, the course grade will be A (A-). If 86.7 (83.3, 80) or above, B+ (B, B-). If 76.7 (73.3, 70) or above, C+ (C, C-). If 66.7 (63.3, 60) or above, D+ (D, D-). If 59 or below, F.
Cheating, Plagiarism, and other forms of academic dishonesty in any component above will be handled according to the university policies and regulations.
8. Exams: open book and open notebook
(1) The exam schedule is as follows;
First Mid Exam : Mar 6, 2012 (Tuesday) in class, 2:00 p.m.- 3:15 p.m.
Second Mid Exam : Apr 17, 2012 (Tuesday) in class, 2:00 p.m. – 3:15 p.m.
Final Exam : 1:00 p.m., May 15, 2012 (Tuesday) in class, 1:00 p.m. – 3:00 p.m.
(2) The final exam is comprehensive (cumulative) and covers all the topics and material discussed throughout the semester.
(3) If one does not take the mid exam, and if one gives me a note stating the reasonable reasons, the unused weight will be added to the final exam. This rule does not apply to the final exam, and one must take the final exam to earn a credit.

9. Homework Questions: at the end of each topic, homework questions will be assigned, and collected, and graded. Homework questions are an important part of the course requirement, and student should treat homework questions as such.
(1) Homework questions should be completed individually by each student, and are not a group project. A student should not see or copy another student’s homework solutions. However, students may discuss the main points and ideas of homework questions if need be. If I decide that one student sees or copies another’s answer, or if two or more students use a similar way of solving homework questions, those students will get no credit, regardless of who borrows or copies. More importantly, many exam questions will be based on homework questions, and it is important to know how to solve homework questions.
(2) Late policy: 20% reduction of the grade if it is one-day late, and 40% reduction of the grade if it is two-day late, and no grade after that. Exceptions can be made for documented reasons. This policy is not negotiable.

10. Research Critique: each student is required to write a research critique on a labor economics research article that must be related to class discussion and published after 2007. In addition, I strongly recommend you to choose an article from the journals listed below. An essay based on gut feeling or general feeling will not be accepted. You should not summarize the article, and there will not be any credit for the summary. The critique should be scientific and based on sound economic reasoning and argument, and the chosen article should be related to class discussion. The critique should be also specific. That is, when you criticize, you need to mention specific equation numbers or paragraph numbers or page numbers. You need to demonstrate that you understand the weakness or deficiency of the article in terms of economic analysis, and propose how to improve the article. It may be convenient to think of you as a referee, who should write a report to a journal editor.

Labor Relations Review, Labor Economics.

It is important to realize that you have to choose an article you can understand, because otherwise you cannot criticize it. If you are not sure that your choice of article is a right one, you may discuss your choice with me before you start writing.  

(2) There is no restriction on the length of the critique, because your grade depends on the content and rigor of the critique, not on the length of the critique. It would be hard to write more than a three-page (single spaced) terse analytical critique.  

(3) Each student should choose an article and write a critique independently. If two or more students choose the same article, those students will get no credit.  

(4) Deadline: submit your critique by the beginning of the May 8, 2012 class. You may submit it anytime before the deadline, and this deadline is not negotiable.  

(5) Attach a photocopy of the article to your critique.  

(6) List all the references correctly, so that I can verify them.  

(7) Assignments should be students’ own work, and plagiarism and other forms of academic dishonesty will be punished as harshly as possible.  

11. Attendance: Attendance is not required. However, all exams will be based on lectures to a considerable extent, and students are strongly advised to attend.  

Possible Topics to Cover

** The reading list below may be adjusted.**  
** required readings for each chapter will be announced before we start the chapter**

0. orientation: course requirements and general information

1. human capital (job training and education)  
(1) ch 2 of the textbook  

2. wage differentials and discrimination  
(1) ch 5 of the textbook  

3. contracts, risk sharing, and incentives
(1) ch 6 of the textbook
(5) Ariely, Dan; Gneezy, Uri; Loewenstein, George; Mazar, Nina. “Large Stakes and Big Mistakes” Review of Economic Studies, vol. 76, no. 2, April 2009, pp. 451-69

4. collective bargaining
(1) ch 7 of the book

5. job reallocation and unemployment (matching and search friction)
(1) ch 9 of the textbook
6. technological progress and inequality
(1) ch 10 of the textbook

7. efficiency wages
(3) Fehr, Ernst; Kirchsteiger, Georg; Riedl, Arno “Involuntary unemployment and non-compensating wage differentials in an experimental labour market” Economic Journal, Jan96, Vol. 106 Issue 434, 106-121

8. CEO compensation
9. inequality

10. job search
(1) ch 3 of the textbook