Economics 380—Labor Relations and Labor Market Policy
(Revised, August 25, 2003)

Professor Woodbury
Fall Semester 2003
MW 12:40-2:00 109 South Kedzie

Office: 104 Old Botany
Telephone and e-mail: 355-4587; woodbur2@msu.edu
Office Hours: MW 2:15-3:30 (other times by appointment)
(Please note: You don't need an appointment to see me during regular office hours—just stop in. Also, after class is often a good time to talk.)
Course web site: The website for the course can be found at the MSU ANGEL homepage <http://angel.msu.edu>. Simply log on and go to the website for Economics 380. I will post materials as pdf files under “LESSONS.” Be sure you have an up-to-date version of Adobe Acrobat Reader (available free on the web).

Teaching Assistant: Michael Allgrunn (allgrunn@msu.edu)
Office and Office Hours: 1A Old Botany (office hours to be announced)

Course Description
Whether you want to be a tycoon, a production line worker, or an educated bum, labor economics is important to you. Economics 380 has three main goals. The first is to offer a broad view of the importance of labor to the economy and economic performance. The second is to give you an understanding of labor-market institutions and government policies that regulate the labor market. These include regulation of wages and hours, occupational safety and health regulation, worker's compensation, unemployment insurance, training programs and other reemployment policies, fringe benefits, collective bargaining, and policies to combat discrimination. We will discuss how these institutions and programs work, what their goals are, and how our programs in the U.S. differ from programs in other countries. Third, you need to be able to analyze the economic impacts of these programs and institutions and understand evidence on how well (or how poorly) they perform. You also need to be able to analyze how you would respond to these programs if you were running a business. By analyzing the programs and institutions, thinking about how firms respond to them, and examining evidence on how well they work, you will be able to make judgments about whether programs should be expanded, contracted, or reformed.

Required Course Materials
Stephen A. Woodbury, Notes, Problems and Readings for Economics 380 (MSU Department of Economics, 2003). This course pack is available at the Student Book Store on Grand River Avenue.
Byron W. Brown, Problems in Microeconomics (MSU Department of Economics, 2003). These Excel-based problems are referred to as "Brown's Problems" in the assignments below. The problems and tips on how to do them are available on the web at: <http://www.bus.msu.edu/econ/brown/pim>. Be sure to use Netscape (not Internet Explorer) to download the files. If you have trouble, try right-clicking on the filename to download the Excel workbook to your desktop, then open the workbook from the Excel application.

Course Requirements and Grading
Your final grade will be based on your performance on two examinations during the semester (weighted 20 percent each) and a comprehensive final exam (weighted 40 percent). There will also be several homework assignments (see the Course Outline below) and eight scheduled quizzes (again, see the Course Outline). The homework and quizzes together will have a weight of 20 percent.

The quizzes cannot be made up under any circumstances—your two lowest quiz scores will be dropped automatically in figuring your grade to allow for necessary absences. For the midterm exams, make-ups will not be given except under extraordinary circumstances and unless arrangements are made in advance.

For the announced midterms and the final exam, you will be required to give positive photographic identification.
Answers to exam questions will be given when the graded exams are returned. If you have questions about grading, you need to submit them in writing within one week of when the exam is returned. I will give you a written response within one week.

An honors option is available to students who wish to obtain honors credit in this course. See me if you are interested.

**House Rules**
1. *Get to class on time.* Late arrivals are disruptive. Be considerate of other students in the class.
2. *Don't leave before class is finished.* Again, it's disruptive. If, for some reason, you must leave before the class is over, be please be unobtrusive about it.
3. *Don't talk to your neighbors during the lecture.* It bothers other students and they complain to me about it. If you have questions during lecture, please ask me. Usually several other people are wondering about the same point, and it generates useful discussion and clarification.

**Course Outline and Reading Assignments**

1. **Labor Market Problems and Labor Market Policies**
   Lecture 1 (August 25)
   Reading: Course Pack, pp. 2-5, and notes on website

2. **Economic Backdrop: Supply, Demand, and Markets**
   Lectures 2, 3, 4, 5, and 6 (August 27, September 3, 8, 10, 15)
   Reading: Course Pack, pp. 6-42, and notes on website
   **Quiz #1** material (Wednesday, September 3):
   - Material from lectures 1 and 2 (Course Pack, pp. 2-17, and notes on website)
   Homework for September 8:
   - Brown's Problems: Problem sets 2, 3, and 4 (to turn in)
   - Course Pack: Problems on Supply and Demand for Goods (pp. 15-16) (for practice only, do not turn in)
   **Quiz #2** material (Wednesday, September 10):
   - Material from lectures 3 and 4 (Course Pack, pp. 18-23, 29-30, and notes on website)
   Homework for September 15:
   - Brown's Problems: Problem sets 5, 37, and 38 (to turn in)
   - Course Pack: Problems on the Demand for Labor (p. 27), Labor Supply and Labor Demand (p. 32) (for practice only, do not turn in)

3. **Regulating Wages and Hours**
   Lectures 7, 8, and 9 (September 17, 22, 24)
   Reading: Course Pack, pp. 43-86, and notes on website
   **Quiz #3** material (Monday, September 22):
   - Material from lectures 5, 6, and 7 (Course Pack, pp. 24-26 and 43-58, and notes on website)
   Homework for September 24:
   - Review problems for the first exam—will be posted on the web (for practice only, do not turn in)

**First Exam**: Monday, September 29, in class.

4. **Workplace Safety and Health**
   Lectures 11, 12 and 13 (October 1, 6, 8)
   Reading: Course Pack, pp. 89-127, and notes on website
   **Quiz #4** material (Wednesday, October 8):
   - Material from lectures 11 and 12 (Course Pack, pp. 89-102 and 109-127, and notes on website)
   Homework for October 8:
   - Course Pack: Problems on Compensating Differentials (pp. 99-100) (for practice only, do not turn in)
5. **Training Programs and Reemployment Policies**

Lectures 14, 15 (October 13, 15)

Reading: Course Pack, pp. 129-158, and notes on website

**Quiz #5** material (Wednesday, October 15):
- Material from lectures 13 and 14 (Course Pack, pp. 103-108, 129-133, and 139-144, and notes on website)

Homework for October 15:
- Brown's Problems: Problem Set 33 (Discounted Present Value) (to turn in)
- Course Pack: Problems on Returns to Education (p. 132) and Exercises on General and Specific Training (pp. 137-138) (for practice only; do not turn in)

6. **Unemployment and Unemployment Insurance**

Lectures 16, 17, 18 (October 20, 22, 27)

Reading: Course Pack, pp. 160-204, and notes on website

**Quiz #6** material (Wednesday, October 22):
- Material from lectures 15 and 16 (Course Pack, pp. 134-138, 145-158, 160-164, and notes on website)

Homework for October 22:
- Course Pack: Problems on Labor Force Concepts (p. 163) (for practice only; do not turn in)

Homework for October 27:
- Course Pack: Problems on Types of Unemployment (p. 165), and Problem on Unemployment Insurance Benefits (p. 198) (for practice only; do not turn in)

Second Exam: Wednesday, October 29, in class.

7. **Pensions, Social Security, and the Labor Market**

Lectures 20, 21, 22 (November 3, 5, 10)

Reading: Course Pack, pp. 205-215, and notes on website

**Quiz #7** material (Wednesday, November 12):
- Material from lectures 20, 21, 22 (Course Pack, pp. 205-215, and notes on website)

Homework for November 12:
- Problem Set on Social Security Benefits and Problem Set on Computing Social Security Benefits (to be handed out; for practice only; do not turn in)

8. **Unions and Collective Bargaining: Historical and Legal Background**

Lectures 23, 24, 25 (November 12, 17, 19)

Readings: Course Pack, pp. 217-246, and notes on website

**Quiz #8** material (Monday, November 24):
- Material from lectures 23, 24, 25 (Course Pack, pp. 217-246, and notes on website)


Lectures 26, 27, 28 (November 24, 26, December 1)

Reading: Course Pack, pp. 248-264, and notes on website

Homework for December 3:
- Brown’s Problems: Problem sets 6, 7, and 8 (to turn in)
- Course Pack: Problem Set on Elasticities (p. 253-254) (for practice only; do not turn in)

10. **Review**

Lecture 29 (December 3)

**Final Exam:**

Wednesday, December 10, 12:45 to 2:45, 109 South Kedzie.

Arrangements for a final at any other time must be made with me no later than Wednesday, October 29.
Do either pensions and health insurance or discrimination. (Could pensions and health be included in section II under labor market equilibrium?)

VII. Labor Market Discrimination
March 26, 28
Kaufman and Hotchkiss: Pp. 469-522