Economics 480 — Analysis of Labor Markets

Professor Woodbury
Spring Semester 2003

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Office Hours: MW 2:15-3:15 (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.)

Teaching Assistant: Michael Allgrunn (allgrunn@msu.edu)
Office and Office Hours: To be announced

Course Description
Economics 480 has two goals. The first is to provide a survey of basic empirical facts about work and pay. The second is to develop and apply economic analyses of various changes that have occurred (and are now occurring) in labor markets. Although labor market policies will be discussed frequently, Economics 480 emphasizes analysis of current and anticipated changes in labor markets. Labor market policies and collective bargaining are the focus of Economics 380.

Required Text
George J. Borjas, Labor Economics, second edition (New York: Irwin/McGraw-Hill, 2001). Note: I will periodically hand out articles and other materials that are required reading. The main purpose of these additional materials is to give you perspective beyond the standard textbook treatment of a topic. We will often discuss these additional materials in class.

Course Requirements and Grading
Your final grade in this course will be based on your performance on two examinations during the term (20 percent each), a comprehensive final exam (40 percent), and several homework assignments that will be given during the semester (20 percent). I give make-up exams only under extraordinary circumstances and when arrangements are made in advance. Answers to exam questions will be supplied when the graded exams are returned to you.

An honors option is available to students who wish to obtain honors credit in this course. Please 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 the 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 your question generates useful discussion and clarification.
Course Outline and Reading Assignments

1. Introduction: The Labor Force and Living Standards
   January 6
   Borjas, Chapter 1

2. Labor Supply I: Labor Force Participation and Hours of Work
   January 8, 13, 15, 22, 27
   Borjas, Chapter 2
   Borjas, Chapter 3

3. Labor Demand
   January 29, February 3, 5, 10
   Borjas, Chapter 4 (sections 4-1 through 4-8)

First Exam: Wednesday, February 12, in class.

4. Equilibrium and Adjustment Costs
   February 17, 19
   Borjas, Chapter 4 (sections 4-9 through 4-11)
   Borjas, Chapter 5 (sections 5-1, 5-2, and 5-4)

5. Labor Supply II: Human Capital
   February 24, 26, March 10
   Borjas, Chapter 7

6. Compensation Schemes
   March 12, 17, 19
   Borjas, Chapter 12

7. Wage Inequality
   March 24, 26, 31
   Borjas, Chapter 8

Second Exam: Wednesday, April 2, in class.

8. Migration and Mobility
   April 7, 9, 14
   Borjas, Chapter 9

9. Discrimination in Labor Markets
   April 16, 21, 23
   Borjas, Chapter 10

Final Exam:
   Wednesday, April 30, 10:00 am to 12:00 noon, in class.
   Note: Arrangements for a final at any other time must be made with me by Monday, March 10.