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 to understand evidence on how well (or how poorly) they work. 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 Texts:

Byron W. Brown, Problems in Microeconomics (MSU Department of Economics, 1999). 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.
Stephen A. Woodbury, Notes, Problems and Readings for Economics 380. This Course Packet is available at the Student Book Store on Grand River Avenue.

These materials will occasionally be supplemented by handouts during the term. All handouts will be available at the course website.

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 nine quizzes, usually given on Wednesday (again, see the Course Outline). The homework and quizzes 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 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 it generates discussion.

**Course Outline and Reading Assignments:**

I. Labor Market Problems and Labor Market Policies
January 8

II. Economic Backdrop: Supply, Demand, and Markets
January 10, 17, 22, 24, 29
Readings:
- Readings in Course Packet
Quiz material for January 17:
- Kaufman and Hotchkiss: Pp. 1-26
- Material from first two lectures
Homework for January 17:
- Brown’s Problems: Problem sets 2, 3, 4 (to turn in)
Quiz material for January 24:
Homework for January 24:
- Brown’s Problems: Problem set 5 (to turn in)
- Kaufman and Hotchkiss: Problems 1 and 2 on p. 216 (to turn in)
- Course Packet: Problems on the Demand for Labor, Labor Supply and Labor Demand (practice only, do not turn in)

III. Regulating Wages and Hours
January 31, February 5, 7
Readings:
- Kaufman and Hotchkiss: Pp. 265-299, 316-324
- Readings in Course Packet
- Alpert and Woodbury: Pp. 129-146
- Chapter by Gruber in Alpert and Woodbury: Pp. 183-228 (skip pp. 206-212)
Quiz material for February 5:
- Kaufman and Hotchkiss: Pp. 265-299, 316-324
- Readings in Course Packet
- Chapter by Gruber in Alpert and Woodbury: Pp. 183-228 (skip pp. 206-212)
Homework for February 5:
  • Course Packet: Review problems for the first exam (for practice only, do not turn in)

**First Exam**: Monday, February 12, in class.

IV. Workplace Safety and Health
February 14, 19
Readings:
  • Kaufman and Hotchkiss: Pp. 407-416, 447-455 (skip discussion of Figure 8.11)
  • Readings in Course Packet
  • Chapter by Rosen in Alpert and Woodbury
Quiz material for February 21:
  • Kaufman and Hotchkiss: Pp. 407-416, 447-455 (skip discussion of Figure 8.11)
  • Readings in Course Packet
  • Chapter by Rosen in Alpert and Woodbury
Homework for February 21:
  • Course Packet: Problems on Compensating Differentials (for practice only, do not turn in)

V. Training Programs and Reemployment Policies
February 21, 26, 28
Readings:
  • Kaufman and Hotchkiss: Pp. 337-350, 365-378
  • Readings in Course Packet
Quiz material for February 28:
  • Kaufman and Hotchkiss: Pp. 337-350, 365-378
  • Readings in Course Packet
Homework for February 28:
  • Brown's Problem's: Problem Set # 33 ("Discounted Present Value") (to turn in)
  • Course Packet: Problems on Returns to Education (p. 108) and Exercises on General and Specific Training (pp. 113-114). Both of these problem sets in the Course Packet are for practice only; do not turn them in.

Spring Break

VI. Unemployment and Unemployment Insurance
March 12, 14, 19
Readings:
  • Readings in Course Packet
  • Kaufman and Hotchkiss: Pp. 645-662, 668-679
Quiz material for March 14:
  • Readings in Course Packet
  • Kaufman and Hotchkiss: Pp. 645-662, 668-679
Homework for March 14:
  • Course Packet: Problems on Labor Force Concepts (p. 124), Problems on Types of Unemployment (p. 126), and Problem on Unemployment Insurance Benefits (p. 133). These problem sets are for practice only; do not turn them in.

**Second Exam**: Wednesday, March 21, in class.

VII. Pensions, Social Security, and the Labor Market
March 26, 28, April 2
Readings:
  • Readings in Course Packet
  • Chapter by Gunderson, Hyatt, and Pesando in Alpert and Woodbury
• Chapter by Dorsey in Alpert and Woodbury
• Chapter by Pesando and Turner in Alpert and Woodbury:

Homework for April 4:
• Course Packet: Problem Set on Social Security Benefits (p. 156) and Extra Problem on Computing Social Security Benefits (p. 152). These problem sets are for practice only; do not turn them in.

Quiz material for April 4:
• Readings in Course Packet
• Chapters in Alpert and Woodbury (see above)

VIII. Unions and Collective Bargaining: Historical and Legal Background
April 4, 9, 11
Readings:
• Readings in Course Packet
• Kaufman and Hotchkiss: Pp. 527-533, 546-552, 570-583

Quiz material for April 16 (NOTE: This quiz is on a Monday.)
• Readings in Course Packet
• Kaufman and Hotchkiss: Pp. 527-533, 546-552, 570-583

IX. Economics of Collective Bargaining (including What's in a Contract)
April 16, 18, 23
Readings:
• Kaufman and Hotchkiss: Pp. 552-570, 583-589, 605-621, 624-625
• Readings in Course Packet

Homework for April 23:
• Course Packet: Problem Set on Elasticities (p. 187-188). This problem set is for practice only; do not turn it in.

XI. Review
April 25

Final Exam:
Section 1: Tuesday, May 1, 12:45 pm to 2:45 pm (room to be announced).
Section 2: Monday, April 30, 7:45 am to 9:45 am (yes, it really is at 7:45 am; room to be announced).
Arrangements for a final at a time other than your scheduled time must be made with me no later than Wednesday, February 28.
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