

**UNION COLLEGE
DEPARTMENT OF ECONOMICS, FALL 2004
ECO 132 LABOR ECONOMICS**

Professor : Fuat Sener (Foo-aht Sha-naehr)
Office : Social Sciences Building 101
Lecture Hours : MWF 10:50-11:55 am
Office Hours : Tue:2:00-4:30, Thu: 10:30-12:00
Other times by appointment
Phone : 388-7093
E-mail : senerm@union.edu
Web Page : <http://www1.union.edu/~senerm/> (click on Eco 132 under teaching)

Purpose

The objective of the course is to give you an understanding of the basic concepts and tools of labor market analysis. The course starts by analyzing the determinants of labor demand and labor supply under various market structures and then focuses on the wage and employment determination. We will then study the recent developments in the US and global labor markets. We will analyze the effects of unions, minimum-wage legislation, benefits programs, and globalization on the labor markets. Students are highly encouraged to follow current labor events through newspapers and magazines such as Wall Street Journal (www.wsj.com), The Economist (www.economist.com), Business Week (www.businessweek.com), New York Times (www.nytimes.com) or Washington Post (www.washingtonpost.com).

Prerequisites

The prerequisites for the course are Economics 12 and Economics 41. Students should also be **extremely** comfortable with high school algebra (i.e. plotting equations, working with graphs and etc.) Familiarity with basic calculus is a plus.

Books

Textbook : Labor Economics by George Borjas, Third Edition, McGraw-Hill Higher Education

Grading

There will be two midterms, **a cumulative** final examination and weekly homework assignments. The exam dates are firm and **not negotiable**. Various festivities of the term (if any) will not affect the dates.

First Midterm	Wednesday, (5 th wk, October 6)	20% of course grade
Second Midterm	Wednesday, (9 th wk, November 3)	20% of course grade
Homework Sets	Weekly	20% of course grade
Final Exam	Official College Schedule	30% of course grade
Class Participation		10% of course grade

Grading Schedule

Your letter grades will be given according to the following schedule

93 and above	: A	77.00 – 79.99	: C+
90.00 – 92.99	: A-	73.00 – 76.99	: C
87.00 – 89.99	: B+	70.00 – 72.99	: C-
83.00 – 86.99	: B	60.00 – 69.99	: D
80.00 – 82.99	: B-	below 60.00	: F

Improvement Reward Program

Your improvements between the exams will be rewarded by bonus points. These points will contribute toward your **end of term course** grade according to the percentage indicated below.

<u>Improvement Between Any Two Consecutive Exams</u>	<u>Bonus</u>
equal to or greater than 20 %	+1%
equal to or greater than 40 %	+2%

An example may help. Suppose your exam grades are as follows: 50, 60, 84. That means you earn 3% = (1% + 2%) improvement reward points. If your final course grade is say 77, a C+, with the rewards program it will be 80 a B-.

Homework Sets

The homework sets serves two purposes. First, they help you grasp the basic course material. Secondly, they test your abilities to learn on your own and help you become life long learners. To satisfy these purposes there will be two sets of questions in the homework sets: questions that basically help you review the course material and questions that **go beyond** what is covered in class.

Each homework assignment must be submitted by the beginning of the class hour on the due date. If you turn in your homework **one-day late** (i.e. between the 0-24 hour period following the beginning of the class hour on the due date) your grade will be multiplied by 60%. If you submit **two-days late**, your grade will be multiplied by 40%. For each additional day there will be a 10% reduction in your grade. Weekend days do not count as additional days. When you submit your homework you must indicate whether or not it meets the deadline. If it does not meet the deadline, you must explicitly state how late it is.

Answers to homework questions must be readable and well organized. Each answer must clearly show your work. I will deduct **at least** 1/2 of the attainable points if the answer is correct but not accompanied by sufficient explanation. You are free to work in groups on the homework assignments; however, your final copy must represent your **own** work. You can exchange ideas and hints with other students, but you are **not** permitted to copy all or part of another student's homework. If you are working with a group of students you must indicate the name of the people you work with in

Homework assignments will probably take a significant amount of your time. Nevertheless, they may be very rewarding if you put in your own effort and use this opportunity to keep up with class and enhance your learning. Students who work on the homework assignments seriously are **likely** to do better in the exams. Of course, doing well in the homework sets does **not** guarantee doing better in the exams.

Exams

The purpose of exams is to test your understanding of the course material and evaluate whether or not you can apply your knowledge under different settings. In each exam, there will be some questions that test your knowledge on the basics of the course as well as challenging questions that take the basics one step further.

Exams will include the material covered in class plus the material assigned from the textbook and other sources. A typical exam consists of various types of questions: essay, numerical, graphical, and true/false (which require explanations). Answers must clearly show your work. I will deduct **at least** 1/2 of the attainable points if your answer is correct but not accompanied by sufficient explanation. It is your responsibility to finish your exam by the announced time. Students who seek exemption from this requirement because of a medical situation or else should inform me by no later than the end of the second week of the term.

Attendance and Class Participation

Through active class participation you can maximize what you get out of this course. Class participation can take many forms: asking questions on the material (including the very basics), making comments on the models, bringing up real world examples and finally answering my questions. A stimulated and interested mind can absorb knowledge in a much more efficient way.

You are responsible to come to class regularly and participate in class discussions. There is no attendance requirement for this class; however, your participation and involvement in class discussions will account for 10% of your course grade. I expect you to study the previous class material before coming to class. In addition, you must read the new material from the textbook and assigned sources before each lecture. Your contribution to lectures and class discussions is an essential requirement.

Questions on Your Exam and Re-grading Policy

Inquiring further on answers: You can ask for further explanations of the answers for exams/homework sets. Such inquiries will be **strictly** handled during my office hours or by appointment. After each exam, you will be provided with a detailed answer key. I do not answer questions related with solutions to exams during the class hours or breaks. There is a 24-hour grace period between the time your exams are returned and the time you can make any inquiries. This gives you a sufficient amount of time to go over your notes, textbook, and the answer key so that you can make an intelligent inquiry. In the context of the inquiry, I do not address comments of the following type: "the deduction on this answer should be less than the amount you deducted"; I just provide further explanations that will help you understand the solution. If you pronounce a statement like the above that will be handled under a grade dispute.

Disputing a grade: To dispute a grade, you must submit a **written request**. I do not address any questions related with grading during class hours or breaks. There is a 24-hour grace period as above. The submission of the written request must be done within one week from the time your exams/homework sets are returned. Your written request must clearly explain why you think your score needs to be changed. In particular, the grade dispute document must be based on three sources: the answer key, lecture notes and textbook material.

If you submit a written request, your entire work will be re-graded. Moreover, disputing a grade means that you are disputing the existing grade scheme. Hence, the curve (if any), which is based on the existing grading scheme, may not be applicable. Consequently when you dispute a grade your grade may go **up** or **down**.

Class and Exam Manners

Students are not expected to talk among themselves during class hours. If excessive and disturbing conversation takes place, I reserve the right to invite the students outside of the classroom. If your cell phone rings I reserve the right to ask you take the call and speak with the caller. If you let me, I will be more than happy to talk with the caller. You can eat and drink during the class hours. If such a situation arises, I reserve the right to ask you to share your food with the rest of the students and the professor. You can sleep during class hours, so long as you remain quiet. If excessive snoring occurs, or if you persistently fall on somebody else's shoulder or onto the desk, I reserve the right to wake you up.

During exams we will make special seating arrangements such that one seat remains empty between two students sitting next to each other. The rows must form a strictly straight line. Exchange of calculators, talking and whispering among yourselves are not permitted.

Notes

The amount of exams and homework assignments is sufficient to evaluate your performance in class; therefore, I will not accept any additional work aimed at improving your grade.

If you miss an exam or fail to meet a homework/paper deadline because of an extraordinary situation (e.g. a medical situation, family emergency etc.), you must be able to **verify** this through the Dean of Students in order to be eligible for a make up or to avoid the homework penalty. In other words, the appropriate information must be provided from the Dean of Students and **not** from you.

Students who require additional time during the exam must inform me about their situation no later than the first week of the term. The information must come to me via the Dean of students.

The course is designed to be difficult, challenging and time-consuming. Expect to spend at least **10 hours** per week on average.

Course Outline

The course will extensively cover chapters 1, 4, 2, 5, 8, 9, 11, and 13 of the textbook. The remaining chapters will be covered in less detail and as time permits. The omitted sections will be explicitly announced in class. I will also announce additional reading assignments at appropriate times.

Chapter 1: Introduction

Chapter 4: Labor Demand

Application 1: Imports and Short-Run Demand for Labor

Application 2: Productivity Growth and Employment in Agriculture and Telecommunications

Application 3: Affirmative Action and Its Effects on the Economy

Chapter 2: Labor Supply

Application 1: Welfare Programs and Work Incentives

Application 2: Tax-Cuts and Its Effects on Labor Supply-from Reagan to Bush

Chapter 5: Labor Market Equilibrium

Application 1: Payroll Taxes and Subsidies

Application 2: Effects of Minimum Wage

Chapter 8: Wage Structure

Special Topics: - Globalization, Technology and Labor Markets

- Rising Wage Inequality

- Outsourcing and Child Labor

Chapter 9 : Labor Market Mobility

Application 1: Immigration in the United States

Application 2: The Economic Benefits from Immigration

Chapter 11: Labor Unions

Application 1: Unions and Resource Allocation

Chapter 13: Unemployment

Special Topic: European Unemployment

Chapter 6: Compensating Wage Differentials

Chapter 7: Human Capital

Chapter 3: Topics in Labor Supply

Application 1: Household Production

Chapter 12: Labor Market Contracts

Application 1: Executive Compensation