Course Syllabus

Department of Economics
University of Connecticut
Introduction to Labor Economics
Spring 2022

Instructor: Professor Tianxu Chen
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Office Hours :
Tuesday 12:30-1:30 on WebEx, and by appointment

Every student is responsible for reading and understanding the content of this course outline.

Course Description
This class is offered as an introduction to the way in which labor markets function in the United States and in other countries. During the semester, we will discuss a number of topics of interest, including theories of the labor market, wage determination and differentials, the role of education and training on job selection and compensation, the economics of discrimination, and the economy of unemployment. In looking at these and other topics, we will develop appropriate theoretical and conceptual frameworks, examine empirical evidence, and consider current and proposed public policy alternatives for the labor markets.

Prerequisites: Students should have a firm grasp of microeconomics, and a level of Intermediate Microeconomics is recommended. Students should also be comfortable with basic concepts in statistics.

Class Information

Lecture time: Tuesday, Thursday 11:00 - 12:15

Location: ARJ 143

Teaching Assistant(s): Haoxiang Xu, haoxiang.xu@uconn.edu
TA Office Hours: Friday13:00-14:30, Oak Hall 237and by appointment

Course Website

- Problem sets, answer keys, additional readings, and other useful information will be posted on the HuskyCT course website.
- Important announcements will be posted on the HuskyCT course website. Students are advised to check frequently.
- While, slides posted on the course website these are NOT a substitute for attending class. Class material that is not on slides will be covered during lecture.

Texts/Materials

Textbook (Required):

George J. Borjas. Labor Economics, 8th Edition, McGraw-Hill Companies
(earlier editions also work)

Grading Scheme

There will be 2 in-class Midterms (20% each) and one cumulative Final Exam. (40%).

There will be 4 Problem Sets (20% totally, and the lowest grade will be dropped out).

- *Homework*

  There will be four homework assignments, which are comprised of multiple choice and short-answer questions. Homework assignments will be collected through HuskyCT. Students could work in groups (four students at most for a group), and each student must, however, submit their own answers as sepearte ones. Everyone in the group may not receive the same grade if the answers provided are different (sometimes typos). The goal of this setup is to make sure everyone is participating and make sure everyone in the group is on the same page. Students should be responsible for giving me the problem sets on time. I allow students to submit later homework within 48 hours after the deadline, and the late homework will get a 10% off discount for its grade. Late homework *will not* be accepted after 48 hours because the solution will be posted on HuskyCT then. If there are some medical conditions or other emergency situations that stop some student from handing in problem sets on time, the student should let me know immediately and provide solid evidence.

- *Exams*

  Two in-class midterm exams will be given over the course of the semester. The exams will be similar to the homework assignments. The questions will be in multiple choice and short-answer format.

  - Make-up Exams

  I will allow students to make-up an exam **if and only if** three conditions are met:
  (1) I am notified before the exam date; (2) the reason for missing the exam is sensible and verifiable; and (3) the make-up exam is taken before the answers to the exam are posted online.

  - Regrading Issues

  Students have ONE week from the time I give back an exam (not when you retrieve it) to ask questions regarding the exams. This pertains to exam scoring, grading or re-grading an exam, missed questions etc. Note that if regrading is requested, the whole exam will be regraded, not any sole parts.

  - Grades on HuskyCT

  Besides midterms, grades of homework will be also posted on HuskyCT. I will use the grades on HuskyCT, as well as the final exam grade to calculate the final grade. If a student has any questions about the let me know as soon as possible, at latest by the end of final week of classes. No changes could be made after the final week of classes.

- Proposed Exams/Homework Dates (subject to change, will be communicated by the instructor)

Midterm #1: **Thursday**, 3/3 (normal class time/place)

Midterm #2: **Thursday**, 4/7 (normal class time/place)

Final exam: Scheduled by the University. Details of the final exam will be provided in class.

Assignment #1: Friday, 2/4 at 5:00 p.m. (online submission)

Assignment #2: Friday, 2/25 at 5:00 p.m. (online submission)

Assignment #3: Friday, 4/1 at 5:00 p.m. (online submission)

Assignment #4: Friday, 4/22 at 5:00 p.m. (online submission)

- *Attendance*

It is very important for students to attend class regularly, as students who do not attend class on a regular basis typically perform much worse than those who attend class regularly. The in-class interaction fosters a better learning environment and, should lead to better performance on all graded components of the course.

Learning Objectives

By the end of the course, students should be able to:

1. Manipulate and use supply-and-demand models to determine the impact of policies and exogenous events specific to labor markets on equilibrium wage rates and quantities of labor transacted.

2. Predict the impact of exogenous changes to an individual's budget and/or preferences on the labor-leisure decisions of individuals using models of utility maximization.

3. Construct models of profit maximization (or cost minimization) to determine the predicted impact of exogenous changes in technology and factor prices on a representative firm's demand for labor.

4. Derive the market supply and demand curves for labor using models of individual behavior.

5. Evaluate labor-market policies from the standpoint of social efficiency (i.e. optimality).

6. Identify the different ways schooling and training can alter a worker's productivity.

7. Recognize, relate and assess alternative theories devised to explain why workers are paid differently (e.g., compensating wage differentials, human capital, discrimination).

8. Classify, differentiate and evaluate the competing theories of discrimination in labor markets.

Student Expectations

I expect students to (a) attend each class, (b) read the relevant material before class, (c) review the content covered in class, (d) complete and submit assignments on time, and (e) participate in classroom activities. If students meet these expectations, grades will take care of themselves.

Course Email Policy (for this big lecture class)

- I recommend that students use the @uconn email address when emailing me.
- Note emails are mainly for quick communications. If students have any detailed questions about the course contents, the problem sets, questions about slides/lecture notes, etc., students should come to my office hours instead.
- If you believe something is important, please talk to me during office hours or schedule an appointment.
- I will be as responsive as possible. You can expect a response within 48 hours Monday - Friday. If you haven't heard from me within that time, please email me a reminder.

Respect and Diversity

- I will do my best to provide you with an atmosphere of mutual respect and trust. Everyone, including me, should abide by UConn policies concerning academic integrity, anti-harassment, and anti-discrimination.
- I will NOT tolerate disrespectful comments regarding elements of diversity like, but not limited to, ethnicity, gender, age, social class, and dialect.
- In spite of my best efforts, I might accidentally overlook the sensitivity of some issues. If you feel uncomfortable with a topic, discussion, or any aspect of the class environment, please let me know as soon as possible.

Academic Integrity

- Academic dishonesty or plagiarism.pdf of any type will not be tolerated in this class. Please refer to the Student Code for specific guidelines: http://community.uconn.edu/the-student-code-appendix-a/
- We understand that the concept of academic integrity might vary on different countries, so we will be addressing more specific issues during the course. In any case, ignorance of the proper code will NOT excuse a student from facing the consequences of academic misconduct, so make sure you are familiar with the expectations.
- Academic misconduct will result in a failing grade for the cycle in which it occurred. Recurring cases will result in failure of the whole course and the student will be reported to UConn's Community Standards Office, which can lead to disciplinary action.

Syllabus Changes

I reserve the right to change the course syllabus. If changes are made, adequate notice will be provided. The most likely changes (if any) will be to the course outline .

<u>Course outline, Topics and Readings</u>:

You are advised to read ahead in order to prepare for lectures.

I. Introduction to the study of labor economics:

In this opening section, we will discuss the subject matter of labor economics and how and why labor economics differs from other fields of economic inquiry
Borjas: chapter 1.

II. Labor Supply: Measurement and individual choice

In this section, we will first look at the various measurements of employment, unemployment, and labor force participation. The core of this section is the development of the individual choice theoretic model of labor supply using indifference curves and time budget lines. This model will be used to determine labor market participation, decisions concerning labor supply, and welfare policy.
Borjas: chapter 2.

Recommended Additonal Reading:
Alan Day Haight. "Winner Take a Hike Markets: The Arrogant Agent Problem in a Model of Devious Colleague Selection" <u>Review of Radical Political Economics</u> Summer 2003.

Robert Horn, Philip Heap, Nevin Cavusoglu, and Bob Jerome. "No Relief in Sight: Higher Unemployment at Every Age" <u>Challenge</u>. September-October 2011.

III. The demand for labor

In this section we will review the neoclassical theory of the demand for an input. Topics will include the production function, marginal revenue product, short and long run labor demand, labor demand elasticity and related policy applications.
Borjas; chapter 3.

IV. Labor Market Equilibrium, Wage determination and differentials

In a competitive labor market, the interaction of demand and supply determine the equilibrium wage and quantity of labor. How do outcomes vary when markets are not competitive, when there is either monopsony or monopoly power? We will also address wage differentials across jobs and develop and use a "hedonic" model of wages.
Borjas: chapter 4 and 5.

Healthy Ways to Cope with Stress

Know what to do if you are sick and are concerned about COVID-19. Contact a health professional before you start any self-treatment for COVID-19.

Know where and how to get treatment and other support services and resources, including counseling or therapy (in person or through telehealth services).

Take care of your emotional health. Taking care of your emotional health will help you think clearly and react to the urgent needs to protect yourself and your family.

Take breaks from watching, reading, or listening to news stories, including those on social media. Hearing about the pandemic repeatedly can be upsetting.

Take care of your body.

- o   Take deep breaths, stretch, or meditateexternal icon.
- o   Try to eat healthy, well-balanced meals.
- o   Exercise regularly.
- o   Get plenty of sleep.
- o   Avoid excessive alcohol and drug use.

Student Wellness

The University of Connecticut is committed to supporting students in their mental health, their psychological and social well-being, and their connection to their academic experience and overall wellness. The university believes that academic, personal, and professional development can flourish only when each member of our community is assured equitable access to mental health services. The university aims to make access to mental health attainable while fostering a community reflecting equity and diversity and understands that good mental health may lead to personal and professional growth, greater self-awareness, increased social engagement, enhanced academic success, and campus and community involvement.

As each day brings new updates, possibly with worrying or confusing information about COVID-19 (coronavirus), we each respond to this stress in our own ways. Everyone is different—our various thoughts, emotions and reactions are normal in the face of such widespread uncertainty.