

Darren Grant (I go by Mr. Grant)
ECO 361, Labor Economics, Spring 2008
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Sections: 8-9:20 am M, W
Office Hours: 9:30-10 am, M, W; 8-10 am
F; 1-3 W; by appointment or whenever
the door is open.
<http://www.shsu.edu/~dpg006/>

Course Objectives. Labor Economics is the study of labor markets (e.g., the market for lumberjacks), labor market institutions (e.g., unions), public policy labor market issues (e.g., immigration or the minimum wage), the wage structure (e.g., income inequality), and the economics of human resource management (turnover, incentive pay). This course is not oriented toward the acquisition of factual knowledge per se. Instead, my main goals are to improve your powers of reasoning; to make you a more mature thinker about labor market issues; and to broaden your perspective. Every effort will be made to relate the topic under discussion to current issues and events.

Specifically, after completing this course, the student will have learned the following:

1. How basic labor market institutions, such as unions, and the government influence the operation of labor markets;
2. How incentives shape labor market outcomes, such as the allocation of labor across occupations or the intensity of work effort;
3. How opportunity costs shape labor market decisions, such as labor supply or which job benefits to offer;
4. How these forces play out in developed and developing economies.

Prerequisite. ECO 233, Principles of Microeconomics, or equivalent, is a prerequisite for this class. Please drop if you don't have the prerequisite.

Book. The text is Ehrenberg and Smith, *Modern Labor Economics*, 9th ed. Earlier editions are much cheaper, acceptable to me, and available online if you look.

Plan for the Course. The course material is organized into four units, listed on the schedule at bottom, which identifies the topic for each class day, book chapters, and due dates for tests and graded assignments. I do not plan on changing anything on this calendar except for significant unforeseen circumstances.

I intersperse traditional lectures with “narratives” that explain how markets solve different types of problems they face and illustrate how the theory is applied. Furthermore, we will work a lot of homework problems, both ungraded (in class) and

graded, that apply the theory. Your tests will be in a style similar to the homeworks. Thus, plan on learning not just the theory, but how to apply it. One cannot do this by memorization alone.

Cheating. We at Sam Houston expect you to conduct your studies with integrity. Please see SHSU's "Academic Policy Statement 810213," available on Sam Houston's Web Site, for a discussion of what constitutes academic misconduct, including cheating and plagiarism, and for a discussion of the procedures utilized in adjudicating such cases. If I catch you cheating I will, in all but the most minor circumstances, turn you in to academic authorities. In these circumstances, my minimum penalty for cheating is a grade of 0 on that assignment.

Attendance. Plan on being in class, and being on time. Both factor in to your class participation grade.

Lateness by even a few students every day can be quite disruptive. Please make every attempt to be here on time. I take attendance at the beginning of class, so late students will be counted absent. I reserve the right to lock the door at the beginning of class, and open it once after about ten minutes for latecomers. I don't like to do this, but I cannot let lateness disrupt class for everyone else who is on time.

Begraded. You have three tests, which will consist of a melange of graphing, quantitative, short answer, and multiple choice questions, similar in style to the homework problems you will be given in class. I make no apologies for assigning a significant amount of written homework, and expecting you to do it. Your tests are graded in accordance with these expectations. Your final average is calculated as follows:

2 Graded Homework Sets	10 pts. each	20 pts. total
2 Projects/Presentations	10 pts. each	20 pts. total
Class Participation	10 pts.	10 pts. total
Mid-Term Exam	20 pts.	20 pts. total
Final Exam	30 pts.	<u>30 pts. total</u>
		100 pts. total

The grading scale is:	A = 88-100
	B = 75-87.99
	C = 65-74.99
	D = 55-64.99
	F = 0-54.99

This is a softer numerical scale than you may be used to, but then the test and homework questions might be a little harder.

Your class participation grade is based on attendance, punctuality, attentiveness in class, and contributions to class. I expect students to attend class regularly, to be punctual, to offer answers to questions asked in class, to present a homework problem on the board, and to contribute to a positive class atmosphere. Don't plan to miss class more than about once a month, and plan to present a homework problem on the board during class at least once during the semester. Also plan on offering answers to questions asked in class, even if they aren't correct! If you do all of these things you should expect at least a B for class participation.

Making Up. Let's not go down this road unless we really, really need to. Valid excuses are the biggies, only: death in the family, illness with DOCTOR's excuse, and the like. If you miss a test for an acceptable reason, I will either (at my option): 1) drop the test and compute your numerical average with a simple average of the remaining tests, or 2) give you a different test on the same material, to be taken during finals week. If you miss an exam for an unexcused reason, I will give you a score of 30/100 for that exam. (I never let test scores go below 30.)

Cell Phones. All beepers, pagers and cell phones must either be turned off prior to class starting or placed in silent mode. Violators must move to Elbonia.

ADA Compliance. It is my obligation and my pleasure to provide reasonable accommodation to students with disabilities, so as not to discriminate on the basis of that disability. Student responsibility primarily rests with informing me at the beginning of the semester and in providing authorized documentation through designated administrative channels. Disabled students may request help with academically related problems stemming from individual disabilities from their instructors, department/division chairs, or by contacting the chair of the Committee for Continuing Assistance for Disabled Students by visiting the Director of the Counseling Center in the Lee Drain Building or by calling (936) 294-1720.

Student Absences on Religious Holidays. Section 51.911(b) of the Texas Education Code requires that an institution of higher education excuse a student from attending classes or other required activities, including examinations, for the observance of a religious holy day, including travel for that purpose. A student who is excused under this subsection may not be penalized for that absence and shall be allowed to take an examination or complete an assignment from which the student is excused within a reasonable time after the absence. Refer to the Academic Calendar for the deadline date for notification by students to the faculty members of the student's intent to be absent on religious holy days.

Schedule. The first two classes of the semester concern preliminaries: Jan. 16 we will discuss problems the labor markets have to face, and Jan. 23 we will discuss why labor markets differ from the standard product market (Ch. 5). Then come the four units listed below. We finish with the final exam, 8:00 am Monday, May 12. If a lecture has an associated book chapter, it is listed below. The typical class will spend the first hour on the topic listed below and the last twenty minutes discussing a homework problem you are given, and should have worked, in advance. Color code: black = lecture, green = market narrative, blue = graded work.

Unit 1: Supply and Demand	Unit 2: Human Capital	Unit 3: The Wage Structure	Unit 4: Management & Labor
Jan. 28: Equilibrium and Unemployment (Ch. 2)	Feb. 20: Human Capital (Ch. 9)	Mar. 24: The Wage Equation	Apr. 16: The Theory of Incentives (Ch. 11)
Jan. 30: Labor Demand (Ch. 3)	Feb. 25: Developing Human Capital in the Armed Forces	Mar. 26: Fitting the Wage Equation to Data	Apr. 21: Contracting
Feb. 4: Elasticity of Labor Demand (Ch. 4)	Feb. 27: Schooling (Ch. 9)	Mar. 31: Income Inequality (Ch. 14)	Apr. 23: Cutting Costs: Contracting and Efficient Agricultural Production
Feb. 6: Licensure: Labor Market Tensions in Solving Quality Problems	Mar. 3: On the Job Training (Ch. 9)	Apr. 2: Fighting the Law of Comparative Advantage: Wages and International Trade	Apr. 28: HRM Systems
Feb. 11: Labor Supply (Ch. 6)	Mar. 5: Financing Human Capital Development in Professional Sports	Apr. 7: Discrimination (Ch. 12)	Apr. 30: Sioux and Apache: Leadership to Survive in a Hostile Environment
Feb. 13: Compensating Differentials (Ch. 8)	Mar. 17: Teachers	Apr. 9: Dual Labor Markets, Informal Labor Markets, Unions, and Wages (Ch. 13)	May 5: Presentations
Feb. 18: Occupational Safety: Workin' in a Coal Mine; First Problem Set Distributed	Mar. 19: Mid-Term	Apr. 14: Making Your Own Work in Peru; Second Problem Set Distributed	May 7: Presentations