

RUTGERS UNIVERSITY
Department of Economics

Fall semester,
2022-2023

Economics 402:
Labor Economics

Mr. Killingsworth
201-B New Jersey Hall

Objectives of the course: To illustrate how economic analysis can be applied to questions about the operation of labor markets, and to train students in using the tools of economic and empirical analysis and in critical thinking and analytical reasoning about labor markets. To satisfy the prerequisites for this course, you must have completed each of the following courses with a grade of C or better: Econ. 320 (Intermediate Microeconomics) and Econ. 322 (Econometrics).

PLEASE NOTE:

- Laptops and cell phones may *not* be used at any time, for any purpose, during lectures or exams.
- Talking during lectures or exams is *not* permitted.
- Pursuant to University policy, all students and instructors are required to wear masks that fully cover their nose and mouth whenever they are in University classrooms and buildings.

Anyone not conforming to these requirements will be removed from the classroom.

Class days and modes of instruction: This class will be taught "in person" from 8:30-9:50 am on Mondays and Thursdays in Murray 212.

Office hours: I will hold regular office hours via Webex on **Mondays and Thursdays** between **4:00 and 6:00 pm**. To get to office hours on Webex, point your browser to **rutgers.webex.com/meet/mrk**. Come whenever you like, and stay as long as you like. You can also email me to request a different appointment time if these regular office hours are not convenient.

A word about email: My email address is mrk@economics.rutgers.edu. You're more than welcome to contact me by email with questions, comments, or any concerns. Please be sure to **include the course title ("Labor Economics") or the course number (Econ. 402) in the subject line of your email**. (I teach two different courses. If you don't indicate that you're writing about Econ. 402, my reply is likely to be delayed.)

Text and readings: The required text for the course is Borjas, *Labor Economics*. You can use *either* the eighth edition *or* the seventh edition of this text. (Do *not* get any earlier edition.) Other readings for the course are given in the syllabus, below. These readings, and the lecture notes, will be available on the Canvas site for the course.

Website for the course: You can download this syllabus and the lecture notes for this course by visiting the Canvas site for the course. Check Canvas every Friday afternoon to get the reading assignments and lecture notes for the coming week. I will send numerous announcements via email during the semester, so please **be sure to check your email regularly for important announcements!** (It will be to your advantage to read these emails very carefully. Note that Canvas will automatically save them for you.) Remember that you can also go to Canvas for a recording of each lecture given during the course. The recording of each lecture will become available approximately 24-36 hours after the lecture is given.

Lecture, lecture notes, and recordings: I will record all lectures, and will post both the recordings and my lecture notes on Canvas. Read the relevant sections of the text and the lecture notes before each lecture. You should attend all lectures. **Don't** schedule job interviews, doctor's appointments, etc., during class time unless there is truly no alternative. Skipping lectures, or relying solely on the recordings, would be a huge mistake!

Quizzes, exams and grades: Grades will be based on a midterm exam (35%), a final exam (35%), and quizzes (30%).

The quizzes: I will give four quizzes during the semester, and will use your best *two* quiz scores in computing your course grade. (Note that this means that each of your two best quiz scores will determine 15% of your final course grade.) I will announce dates of two of these quizzes in advance; I will **not** announce the dates of the other two quizzes. *If you arrive in class after a quiz has started, you won't be allowed to take it. If you don't take a quiz, your score for that quiz will be zero.*

There will be no makeups for any quiz. (In lieu of makeups, you get to drop your two lowest quiz scores.) Each quiz will be open-book/open-notes, consist of multiple-choice questions, and should take no more than 40 minutes.

The exams: Before each exam, I will (a) post review questions and answers, (b) hold extra office hours, and (c) hold a review class via Zoom. If you miss the midterm exam or the final exam, you will be required to take a makeup exam. Also, if you take an exam but want to improve your grade, then you may take the makeup to that exam. In this case, I'll base your grade on the better of the two exams. (If you take the exam but not the makeup, the original exam grade will count as the actual exam grade.) Each exam will (i) consist entirely of essay questions that will stress the ability to apply principles of economics developed in the readings and lectures; and (ii) be open-book/open-notes (so that memorization and rote learning will be deemphasized).

Student subscriptions: Although this is not a requirement for this course, you should regularly read one or more publications in economics and business. In particular, you can get *free* digital access to *The New York Times* and *The Wall Street Journal*! See the memo on the Canvas website for this course for the details.

Absences: I do not give credit for attendance, and I do not penalize students for absences. The Rutgers Self-Reporting Absence Website can be accessed at <http://sims.rutgers.edu/ssra>.

Helpful hints:

- The midterm and final exams (1) consist of essay questions, (2) are open-book/open-notes, (3) do NOT require memorization and (4) emphasize clear thinking and application of economic analysis to economic questions (including questions that may not have been discussed in lectures).
- Do the required readings in the text BEFORE they are discussed in class -- DON'T wait until exam time rolls around. (This is particularly important because the dates of quizzes will *not* be announced. You'll need to be prepared *before* you come to class!)
- Read the text and the lecture notes at least TWICE – the material is too complicated to grasp fully after only one reading.
- Above all, if you need help, DO ask questions in class and DO log in for office hours (preferably, well before exam time). REMEMBER that your tuition will NOT be increased if you log in for office hours!
- Remember that there will be no makeup for any unannounced quiz, and there will be no makeups for any makeup exam. If you miss an unannounced quiz, you will receive a score of zero for that quiz. If you miss both an exam and the makeup to that exam, you will receive a score of zero for that exam.
- If you think you won't need to attend the lectures, or to read the text and all of the reading assignments, you're kidding yourself!
 - ➔ Skipping lectures, and relying only on the recordings, is a *terrible* idea.
 - ➔ Relying only on the slides and lecture notes, without also reading the text and reading assignments, is a *terrible* idea.
- If you encounter problems of any kind – family problems, personal problems, academic problems, emotional problems, health problems, work-related problems, etc. – you should deal with them *as soon as they arise* by contacting your college dean, by contacting me, etc. **Don't** wait until the end of the semester to contact me – at that point, it will be much too late to do anything about them!
- TAKE NOTE: On Tuesday, November 22, *Thursday* classes – including ours! – will meet. Thus, remember that our class will meet on *Tuesday, November 22*. Do NOT skip class that day, and do NOT skip classes on *Monday, November 28*, which is the Monday after Thanksgiving break ends. Why? Because it is highly likely that, on one or more of these days, there will be a quiz or an exam that you won't want to miss.
- Take note that, as shown in the syllabus on the following pages,
 - * the **final exam** will be given between 8-11 am on Monday morning, **December 19** (location TBA)
 - * the **makeup to the final exam** will be given on Friday, **December 23** (time and location TBA)

Please note: the Dec. 19 exam will function as the final exam; the Dec. 23 exam will function as the makeup to the final exam. If you take the Dec. 19 exam but want to improve your course grade, you can take the Dec. 23 exam. (I'll use the better of your two exam scores to determine your course grade.) If you don't take the December 19 exam, then you *must* take the Dec. 23 exam to get course credit. Thus, **if you think you may want or need to take the Dec. 23 exam, make sure you don't leave the campus before 4 pm on Dec. 23!**

SYLLABUS FOR THE COURSE

1. **Introduction**

Chapter 1: Introduction

2. **Labor supply**

Chapter 2: Labor supply

Class handouts on econometrics and the missing-variables problem (see also Chapter 1 Appendix)

US BLS, "The Employment Situation – August 2022"

(go to <http://www.bls.gov> and search for this on the BLS website starting at 8:30 am, Friday, Sept. 2;
it will also be posted on Canvas)

Class handouts on econometrics and the missing-variables problem (see also Chapter 1 Appendix)

Blau and Kahn, "Changes in the Labor Supply Behavior of Married Women: 1980-2000,"

Journal of Labor Economics, Vol. 25 (2007)

3. **Labor demand**

Chapter 3: Labor demand

Katz, "Wage Subsidies for the Disadvantaged," pp. 21-53 in Freeman and Gottschalk, eds.,

Generating Jobs: How to Increase Demand for Less-Skilled Workers (1998)

4. **Labor market equilibrium**

Chapter 4: Labor market equilibrium

Acemoglu, Autor and Lyle, "Women, War and Wages," *Journal of Political Economy*,

Vol. 112 (2004)

midterm exam (covering Parts 1-4 above): week of October 17

(but please note that this is *not* yet definite!

5. **Wages and wage differentials**

Chapter 5: Compensating wage differentials

Rees, "Compensating Wage Differentials," in Skinner and Wilson, *Essays on Adam Smith* (1975)

Olson, "Do Workers Accept Lower Wages in Exchange for Health Benefits?" *Journal of Labor*

Economics, Vol. 20 (2002)

Chapter 6: Human capital

Chapter 7: The wage structure

Chapter 11: Incentive pay

Medoff and Abraham, "Experience, Performance and Earnings," *Quarterly Journal of Economics*,

Vol. 95 (1980)

Lazear, "Performance Pay and Productivity," *American Economic Review*, Vol. 90 (2000)

6. **Special topics** (to be covered if time permits)

Chapter 8: Labor mobility

Chapter 9: Labor market discrimination

Chapter 10: Labor unions

Chapter 12: Unemployment

Oreopoulos, von Wachter and Heisz, "The Short- and Long-Term Career Effects of Graduating in a Recession," *American Economic Journal: Applied Economics*, Vol. 4 (2013)

Kahn, "The long-term labor market consequences of graduating from college in a bad economy,"

Labour Economics, Vol. 17 (2010)

final exam (covering ONLY Parts 5-6 above): 8-11 am, Monday, Dec. 19 (location TBA)
makeup final exam (covering ONLY Parts 5-6 above): Friday, Dec. 23, (time and location TBA)

Helpful information, websites, etc.:

Your first line of defense and help in dealing with any difficulties – health, academic, emotional, or anything else – is the **Office of the Dean of Students**:

Office of the Dean of Students
88 College Avenue
848-932-2300
deanofstudents@echo.rutgers.edu

In case of trouble, RUN, do not walk, to their office!

Student-Wellness Services:

Just In Case Web App, for a mental health crisis for you or a friend: <http://codu.co/cee05e>

Counseling, ADAP & Psychiatric Services (CAPS), for non-emergency psychological health issues:
(848) 932-7884 / 17 Senior Street, New Brunswick, NJ 08901 www.rhscaps.rutgers.edu

Violence Prevention & Victim Assistance (VPVA)
(848) 932-1181 / 3 Bartlett Street, New Brunswick, NJ 08901 www.vpva.rutgers.edu

Disability Services
(848) 445-6800 / Lucy Stone Hall, Suite A145, Livingston Campus, 54 Joyce Kilmer Avenue, Piscataway, NJ 08854
<https://ods.rutgers.edu/>

Scarlet Listeners, for confidential peer counseling and referral hotline:
<http://www.scarletlisteners.com/> or call (732) 247-5555

Cheating (giving and/or receiving unauthorized assistance to and/or from others)
and plagiarism (using the work and/or words of others without attribution)
will not be tolerated in this course.

For the current edition of the **Academic Integrity Policy**,
which defines, prohibits, and describes penalties for cheating and plagiarism, see
<http://academicintegrity.rutgers.edu/academic-integrity-policy>
