

UNIVERSITY OF NOTRE DAME
Econ 33400, Labor Economics
FALL 2016

Professor Abigail Wozniak
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Office Hours:
Fridays 1:00 – 3:00 pm

Course Description:

This is a survey course covering the economics of the labor market, the labor force, and the relationship between firms and employees. Topics include employment and unemployment; the distribution of wages and income; education; discrimination; anti-poverty policy and immigration. Students will learn to apply fundamental microeconomic theory to explain common decisions made by households (i.e. labor supply, occupation, educational attainment, consumption) and by firms (i.e. labor demand, labor utilization, compensation). The course will also examine the effects that public policies have on decisions made by households and firms. Class meetings will be divided between traditional lectures and collaborative problem-solving work.

Course Goals:

- To teach you about the fundamental theories economists use to explain labor market behavior
- ...and enable you to use these to make predictions in simple contexts.
- To equip you to explore two original pieces of academic scholarship
- ...and to produce a well-written study of the relationship between theory and real outcomes in those two papers.
- To provide you with lasting skills – specifically, to make you a better citizen in your various communities, and to improve your writing and problem-solving skills.

Course Materials:

Ehrenberg and Smith, *Modern Labor Economics*, Addison-Wesley, 11th or 12th ed. (required).

Hammermesh, Filer and Rees, *The Economics of Work and Pay*, (out of print).

Meeting Times and Locations:

TR 9:30-10:45 and 11:00-12:15 Flanner 725

Assignments:

- Weekly ungraded problems and exercises to prepare for the midterm and final
- Midterm and Final exams
- Two shorter papers
- A final paper that combines revised versions of the two shorter papers

Evaluation:

- Short Paper 1 – 10%
- Short Paper 2 – 10%
- Final Paper – 30%*
- Midterm – 20%*
- Final, not cumulative – 20%*
- Participation and attendance – 10%

* After midterms and Short paper 1 are returned, students will be allowed to select their own weights for the final paper, midterm, and final exam by adding or subtracting up to 5 percentage points from these weights (subject to the same total weight, in whole number units).

Letter grades will be assigned on a curve at the conclusion of the course, but feedback about relative performance and potential grades will be provided along the way.

Other Information:

- Slides and Handouts: I will make all slides and handouts available on the course website on Sakai. Slides will be available on Fridays for the following week's class meetings. Slides are intended as a guide to class material only, and students will be expected to take careful notes, including drawing graphs.
- Honor Code: Before matriculation, each entering undergraduate signs the honor code pledge: "As a member of the Notre Dame community, I will not participate in or tolerate academic dishonesty." In this class we will follow the policies and procedures outlined in the Student Guide to the Academic Code of Honor.
- Statement of Inclusion: All students are welcome in this class! All that is required is a willingness to do one's best work almost every day and a desire to examine the questions and topics we consider from new perspectives.

COURSE SCHEDULE

Readings denoted “Ch X” indicate Chapter X of Ehrenberg and Smith. Same for “pp,” which denotes pages in E&S.

Week	Topics	Readings/Assignments
Aug 23 – 25	<i>Welcome and Introduction</i> Labor Supply	Ch 6 (except pp 195-203)
Aug 30 – Sep 1	Labor Supply	Ch 7
Sep 6 – 8	Labor Demand <i>Discuss SP1 assignment</i>	Ch 3
Sep 13 – 15	Labor Demand	Ch. 4 except pp. 109-117 <i>Sep 14 – ND Forum 7 pm</i>
Sep 20 – 22	Unemployment and job creation	Ch 14 <i>Sep 26 – Debate watch 8 pm</i>
Sep 27 - 29	Inequality	Ch 15
Oct 4 – 6	Minimum wage and EITC	pp. 195-203 and 109-117 <i>Oct 4 – VP Debate Time TBD</i> <i>Short Paper 1 due 10/4</i>
Oct 11 – 13	Midterm review and exam.	
Oct 18 – 20	Fall Break	

Oct 25 – 27	Immigration/Migration and Trade	Ch 10, 16
Nov 1 – 3	Labor market clearing, frictions, search, monopsony <i>Discuss SP2 assignment</i>	Ch 5
Nov 8 – 10	Compensating differentials and benefits	Ch 8
Nov 15 – 17	Monitoring and effort	Ch 11 <i>Short Paper 2 due 11/15</i>
Nov 22	Human Capital, Returns to Education, Signaling & Screening	Ch 9
Nov 29 – Dec 1	Discrimination <i>Discuss final paper</i>	Ch 12
Dec 6 – 8	Final review and in class exam	
Dec 13 – 15	Exam week	<i>Final paper due Dec 14</i>

DETAILS ON SHORT PAPER ASSIGNMENTS

Short Paper Assignment 1

Write a short paper summarizing and discussing an important contribution to labor economics theory. Prof. Wozniak will provide a list of suggested journal articles that have made such contributions. You are free to choose from these, or to try to find your own article subject to the Professor's approval.

The paper must do or address the following:

- Describe the theory as developed in the paper.
- Provide a three- to four-sentence summary of the theory **highlighted in bold**.
- Why is this theory useful? What do you think motivated the author(s) to develop it?
- What are the key underlying assumptions of the theory? What do you think would happen if they did not hold?
- Conclude with a one-paragraph description of how this theory might explain a real-world (empirical) phenomenon. If your paper provides an empirical example, you may spend half the paragraph summarizing this but half must address a new example.

The paper must be four, double-spaced pages in 12 point font. Equations and graphs may be included on additional pages; these do not count toward the page limit. Save your most creative writing for other courses.

Short Paper Assignment 2

Find an academic paper that cites the journal article used in your first paper. Ideally, this will be more than a passing citation. The second paper will make some use of the theory in the first paper. When you have selected your paper for this assignment, please note it on the class googledoc that will be emailed to you.

Taking this new journal paper as your starting point, write a short paper that addresses the following:

- Summarize the main topic and research question(s) in the new paper.
- What are the predictions of the authors in the new paper, and how did theory guide these predictions? (Predictions can be simply what authors expect to find.)
- How does the theory from the first paper relate to the research questions and/or predictions in the new paper?
- Describe the basic empirical tests conducted in the new paper.
- What are the main findings?
- Were the predictions supported or not?

The paper must be four, double-spaced pages in 12 point font. Equations, graphs, and (copied) tables may be included on additional pages; these do not count toward the page limit. Same writing caveat applies!

NOTE: Some of the papers on the list for the first short paper have substantial empirical components that test the theories they develop. You will have an opportunity to discuss that portion of your first paper selection in the final paper for the course.