

**ECON E340**  
**Labor Economics**  
**Course Syllabus**  
**Spring 2011**



**INSTRUCTOR:** Dr. Ali Rassuli

**OFFICE:** KT 267

**OFFICE PHONE:** (260) 481-5771

**COURSE PREREQUISITES:** Introduction to Microeconomics E201 or equivalent.

(NOTE: Under the policies of the School, prerequisites will be strictly enforced.)

**TEXT:** Contemporary Labor Economics, C.R. McConnell, S.L. Brue, and D.A. Macpherson, McGraw-Hill Publishing Company, (ninth Edition) 2010

**SUPPLEMENTS:** A list of reading material will be distributed in class.

**COURSE DESCRIPTION:** E340 is concerned with a group of topics on the microeconomic aspects of the labor market, in addition to selected topics on the macroeconomic issues of labor.

E340 is essentially an application of microeconomic theory to the labor market. It is a course in wage and employment determination. E340 covers such topics as the supply of labor, labor force participation, the demand for labor, and details the market structure of wages. It also recounts for modification of traditional wage theory via an institutional approach. Economic aspects of labor unions, bargaining theories of wages, minimum wage legislations, labor supply incentives of various welfare programs, occupational licensure, labor mobility, migration, and discrimination theories are issues of interest.

**COURSE OBJECTIVES:** Students are to (1) understand the market process of wage determination through the interaction of labor supply and labor demand, (2) analyze the impact of labor market imperfections and various government policies on wages and incentives to work, (3) understand and appreciate implications of various political and economic institutions on wages and employment, (4) be able to differentiate between labor economic and labor relation issues.

Finally, economics is inherently an inter-disciplinary field that borrows from several of disciplines including Mathematics, Philosophy, Psychology, History and Political Science. As an Area VI General Education course, students in this class will learn to critically evaluate competing ideas and explore various problem solving methods. The acquired knowledge in this class will be synthesized and articulated by writing and presenting a term paper on topics of timely interest.

## TOPICAL OUTLINE and ASSIGNMENTS

|   |                             |
|---|-----------------------------|
| Introduction to Labor Economics                                 | Chapter 1                   |
| Utility Preferences and Indifference Curves                     | Reading Assignment          |
| Supply of Labor and Work and Leisure Preferences                | Chapter 2                   |
| Salaried Professionals  | Reading Assignment          |
| Earlier wage Theories   | Lecture                     |
| Participation Rate and Hours of Work<br>(Presented by students) | Chapter 3                   |
| Test I  |                             |
| The Demand for Labor  | Chapter 5                   |
| Wage Determination, Monopsony, and Monopoly                     | Chapter 6                   |
| Efficiency Wage Payments  | Chapter 7, pages 221 to 227 |
| The Wage Structure and The Theory of Wage Differentials         | Chapter 8                   |
| Employment and Unemployment<br>(Presented by students)          | Chapter 18                  |
| Test II   |                             |

|   |                                   |
|---|-----------------------------------|
| Reactions to the Marginal Productivity Theory: An Institutional Approach                            | Reading Assignment                |
| Allen Cartter's "Asymmetrical Preference Path" Model  | Reading Assignment                |
| Edgeworth-Box Model   | Lecture                           |
| Labor Unions and Unionism's Decline (Presented by students)   | Chapter 10, Pages 294 to 312      |
| Collective Bargaining, Chamberlain's Bargaining Model Steven's Negotiation Model and Accident Model | Chapter 10 and Reading Assignment |
| The Economic Impact of Unions   | Chapter 11                        |
| Featherbedding  | Reading Assignment                |
| The Job Competition Model   | Reading Assignment                |
| The Theory of Dual or Segmented Labor Market  | Reading Assignment                |
| Theories of Labor Market Discrimination   | Chapter 14                        |
| Mobility, Migration, and Efficiency<br><i>(only if time permits)</i>                                | Chapter 9                         |

Final Exam

## Examinations and Grading Procedures

Your course grade will depend upon three examinations, a written short term paper and your class/group participation and presentations as follows:

|   |     |
|---|-----|
| Two tests, each ...   | 20% |
| Final Exam (semi-comprehensive)                             | 25% |
| Class participation, Group activities,<br>and presentations | 15% |
| Short Term Paper & presentation                             | 20% |

The coverage and dates of each examination will be announced in class. Examinations will be comprised of short and long answer essay questions, and a few multiple-choice questions. Note that in addition to your text, you will be responsible for all materials covered in lectures, in class handouts and discussions, and within the reading assignments.

Portions of selected chapters will be assigned to students for class presentations. Usually I will present analytical material and the students will be responsible for presenting the descriptive and conceptual substance. Depending on the number of students enrolled, topics may be presented by teams of two, three, or four students. Other group learning activities may include problem solving and team discussions.

The Short Term Paper is mainly a review of the literature in labor economic topics of current interest. A list of topics of labor-related issues will be distributed in class. You may choose one from that list for your short term paper. If you have a keen interest in other topics, those shall be considered. You must use at least two academic labor journal articles in addition to any other sources of inquiry for your term paper. I will direct you to find appropriate sources.

Please note that while the contribution of the term paper to your grade is set at 20% of the overall grade, lack of writing one will reduce your maximum achievable grade in the course to a letter grade of D. The deadline for a written term paper proposal (abstract) is set at March 23 and the completed paper is due on April 20. Term papers may be coauthored and if time allows, will be presented in class before the final exam.

A list containing the reading assignments will be distributed in class. The list contains intellectually interesting pieces of earlier writings in Labor topics as well as more recent contributions. Some of the writings may be downloaded from the internet and some out of print material will be summarized and distributed in class. The rest will be available in the library for your review.

Course grades will be determined according to the following scale:

|                     |    |
|---------------------|----|
| 95 to 100%          | A+ |
| 90 to less than 95% | A  |
| 85 to less than 90% | B+ |
| 80 to less than 85% | B  |
| 75 to less than 80% | C+ |
| 70 to less than 75% | C  |
| 65 to less than 70% | D+ |
| 60 to less than 65% | D  |
| Below 60%           | F  |

Make-up exams will be arranged only under extraordinary circumstances. Make-up exams are given at my discretion only.

## Additional Information

1. The topical outline presented in this syllabus is my estimate of how the course will proceed. Should we proceed other than estimated, course content and exam coverage will be appropriately adjusted.
2. If you have or acquire a disability and would like to find out what special services and accommodations may be available to you, contact Services for Students with Disabilities in Walb Union Rooms 118 and 125 (260-481-6657, voice/TTY).
3. Feel free to ask questions about the material presented in class and/or readings or the textbook.
4. Attendance in all classes is mandatory. You will lose points for absenteeism.
5. The dates and coverage of each examination will be announced at least one week in advance.
6. Office hours: 10:30 a.m. to 12:00 p.m. on Tuesdays; other times by appointment.
7. E-mail address: [rassuli@ipfw.edu](mailto:rassuli@ipfw.edu)