

Economics 470: Theory and Applications of Labor Economics

Fall 2010

Instructor: Professor Soohyung Lee

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Class: Section 0201 - TuTh:11:00am - 12:15pm ([TYD 2108](#), BSOS computer lab*)

Section 0202 - TuTh:12:30pm - 01:45pm ([TYD 1132](#), BSOS computer lab*)

* BSOS computer lab - 0221 LeFrak Hall (rooms 1 and 2:

<http://www.oit.umd.edu/wheretogo/seeTable.cfm>)

Office Hours: Tuesdays 5:00-6:00 or by appointment

Description: This class is designed to provide an introduction to the theory and empirical application of contemporary labor economics. The primary focus of this course will be on developing an understanding of the determinants of wage rates and employment levels in labor markets. In this course, the analytical tools of neoclassical economics will be used to examine topics such as: minimum wage law, employment training programs, unemployment, and job search. We will study these topics by learning related theories and then apply the theories to empirically analyze datasets in the real world. For empirical analysis, we will use STATA.

Prerequisite: Economics 326 (Note: This prerequisite is not to be taken lightly; I assume that all students have a good understanding of intermediate microeconomics, the material covered in Economics 326.) Economics 422 will be extremely useful although it is not a formal prerequisite.

Textbook, References, and Reading: The required textbook is Ehrenberg and Smith, Modern Labor Economics, 10th edition, 2009 (9th edition is a close substitute). Additional readings will be assigned. The readings are all available online with web access through a University network connection or via the UMCP online library research port system (<http://researchport.umd.edu>) at either <http://www.nber.org> or <http://www.jstor.org>. You are responsible for material covered in the lectures, the parts of the readings that can be understood at an undergraduate level, and the parts of the textbook that are assigned and which are relevant to material covered in lecture.

Additional references for empirical analysis:

- <http://www.ats.ucla.edu/stat/stata/>
- Introduction level of econometrics (e.g., Stock and Watson, and Wooldridge)

Announcements: Announcements will be made in class, on the course webpage and/or through email. In order to receive emails, it is your responsibility to ensure that the email address you have listed in Testudo is current and that your account will accept email from LeeS@econ.umd.edu at all times.

Course Website: <http://elms.umd.edu> You can use your directory ID and password to access copies of this syllabus, problem sets, other course materials, and my record of your grades.

Grading:

1. Class Participation and Problem sets (5%)

- Students may work with others students. However, each student must independently write up the answers. That is, you may not copy any part of a problem set from another person. If multiple people turn in problem sets that are close to identical, no credit will be given for any of those problem sets. At the top of each problem set, you must write the names of the people with whom you worked on that problem set (obviously this must be consistent across the group). Ignoring these instructions will be considered a violation of the Honor Code.
- Your completed problem sets will be collected at the beginning of class on the date that they are due. Your problem sets may also be handed in (in person, via email, in my department mailbox, or via fax) prior to the beginning of class on the date that they are due. Late problem sets will not be accepted for ANY reason. Letter grades will not be assigned on any of the problem sets, but rather only at the end of the course.

2. Quizzes (25%, best 2 out of 3 count)

3. Midterm exam (35%) and Final exam (35%)

- All exams will be a mixture of short answer questions and long analytical/mathematical problems. The final exam will not be cumulative.
- Make-up exams will be granted only to those students whose excuse complies with University policy. The four valid excuses according to University policy are medical conditions, religious observances, participation in University events at the request of University authorities, and compelling circumstances beyond your control. If you believe you need a make-up for religious observances, you must inform me within the first two weeks of the semester. For the other three types of valid excuses, you should alert me in advance of the final if at all possible by email, and you must provide appropriate documentation in order to take a make-up. If you miss an exam and cannot document a valid excuse, your grade will be recorded as a zero.
- Regrading policy: Answer sheets for the exams will be available on the website. If you believe there is a problem with the grading of an exam, you should take the following steps: (1) You must first compare your answer carefully to those on the answer sheet. (2) If you still think that a mistake has been made in the grading, you must submit your entire exam back to me with a written explanation of the problem(s). I will review your entire exam, so it is possible that a regrade will result in adjustments up or down to your grade. The date by which all appeals of grading must be submitted will appear on the answer sheet.

Important Notice:

A large part of the lectures will draw on material not found in the textbook. For that reason, attending each class and making an effort to understand the material is extremely important. I encourage students to raise questions in class and/or to use the designated office hours to help them understand the material.

Academic integrity: The University of Maryland, College Park has a nationally recognized Code of Academic Integrity, administered by the Student Honor Council. This Code sets standards for academic integrity at Maryland for all undergraduate and graduate students. As a student you are responsible for upholding these standards for this course. It is very important for you to be aware of the consequences of cheating, fabrication, facilitation, and plagiarism. For more information on

the Code of Academic Integrity or the Student Honor Council, please visit <http://www.shc.umd.edu>.

Disability Statement:

If you are registered with the Disability Support Services (DSS) office and need accommodations for exams, please provide me with a University of Maryland DSS Accommodation form which has been updated for Spring 2009.

Course Evaluation:

Your participation in the evaluation of courses through CourseEvalUM is a responsibility you hold as a student member of our academic community. Your feedback is confidential and important to the improvement of teaching and learning at the University as well as to the tenure and promotion process. CourseEvalUM will be open for you to complete your evaluations for fall semester courses between Dec. 2 and Dec. 14.

Tentative Schedule of Lectures

All chapter references are to the text by Ehrenberg and Smith. Any changes to this tentative schedule will be announced via course website – you are responsible for keeping track of any such changes.

No.	Date and location	Lectures	Note
1	Aug. 31 (Tu, TYD)	Introduction, concepts of unemployment (Ch 2)	
2	Sep. 2 (Th, Lab)	STATA 1: use of data, descriptive stats, if, etc	
3	Sep. 7 (Tu, TYD)	Ch 2 and 3: wage, compensation,	
4	Sep. 9 (Th, Lab)	STATA 2: review and application-Ch 2	Jewish holiday (Sep. 8 ~ Sep. 10)
5	Sep. 14 (Tu, TYD)	Ch 9: Investment in Human Capital	Sep. 13- Last Day to Drop/Add Classes
6	Sep. 16 (Th, Lab)	Application-Ch 9	
7	Sep. 21 (Tu, TYD)	Ch 9: review	
8	Sep. 23 (Th, Lab)	Quiz #1, Ch 15	
9	Sep. 28 (Tu, TYD)	Ch 6: labor supply 1	
10	Sep. 30 (Th, TYD)	Ch 7: labor supply 2	
11	Oct. 5 (Tu, TYD)	Ch 8: compensating wage	
12	Oct. 7 (Th, TYD)	Midterm prep	
13	Oct. 12(Tu, TYD)	Midterm	
14	Oct. 14 (Th, TYD)	Midterm review, Econometric analysis – regression 1	Oct. 14- Early Warning Grades
15	Oct. 19 (Tu, TYD)	Econometric analysis – regression 2	
16	Oct. 21 (Th, Lab)	Application-regression analysis	
17	Oct. 26 (Tu, TYD)	Minimum wage, immigration	
18	Oct. 28 (Th, Lab)	Application-effect of minimum wage	
19	Nov. 2 (Tu, TYD)	Econometric analysis – regression 3	
20	Nov. 4 (Th, Lab)	Application	Nov. 8- Last Day to withdraw from a class
21	Nov. 9 (Tu, TYD)	Quiz #2, Ch 3	
22	Nov. 11 (Th, TYD)	Ch 3: labor demand 1	
23	Nov. 16 (Tu, TYD)	Ch 4: labor demand 2	
24	Nov. 18 (Th, Lab)	Application-labor demand theory	
25	Nov. 23 (Tu, TYD)	Ch 5: labor demand 3	
--	Nov. 25 (Th)	No class: Thanksgiving	
26	Nov. 30 (Tu, TYD)	Ch 11: pay and productivity	
27	Dec. 2 (Th, TYD)	Quiz #3, Miscellaneous topics 1	Hanukkah * Dec. 2 ~ Dec. 14: Course EVALUM
28	Dec. 7 (Tu, TYD)	Miscellaneous topics 2	
29	Dec. 9 (Th, TYD)	Final prep	
	Final	Dec. 13~ Dec.18	