Economics and Demographics of Labor Markets Fall 2012

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This course focuses on how labor markets operate, and how that relates to what goes on inside the firm, in society, and public policy. Economic logic and evidence is used to analyze employer and employee decisions, and the institutional factors shaping those decisions. The text is: Modern Labor Economics: Theory and Public Policy, by Ronald Ehrenberg and Robert Smith (New York: Prentice Hall, 11th edition). In addition to being available for sale, the text is on reserve at the SMLR Carey Library in the Labor Education Center. The text can be purchased or rented online at a substantial discount from half.com or amazon.com

The PowerPoints for each class should be printed brought each week, because those will form the basis of the classroom presentation and discussion. They are available on Sakai. You access Sakai on-line by following these steps:

- 1. Go to http://sakai.rutgers.edu
- 2. Enter your Rutgers ID and password in the upper right corner
- 3. Click on the tab that says "38:533:565:01 Fall12"
- 4. Click on "Resources" at the left
- 5. Click on the folder titled "38:533:565:01 Fall12 Resources"
- 6. Click on "Class by data" folder, then the file you want to download. There will be PowerPoints, Word summaries of the text, possibly additional readings that are in Adobe Acrobat format. If your computer doesn't have it, you can download the reader for free at http://www.adobe.com/products/acrobat/readstep2.html

Grades will be based on a midterm (30%), final (30%), and problem sets (30%) and attendance and participation (10%). Problem sets will be available and then need to be submitted in the "Assignments" section of Sakai.

Please complete the assigned readings by the day of the class.

If you have any type of health condition or disability that requires accommodation, I will be glad to make reasonable accommodations if you provide some documentation at the beginning of the semester or as soon as the condition develops.

Week 1. Introduction to Labor Economics with Demographic and Employment Projections

PowerPoint on Sakai Problem Set 1. Basic Data from U.S. Bureau of Labor Statistics

Week 2. The Labor Market -- Supply and Demand

Required: Ehrenberg/Smith, Chapter 1 Introduction

Chapter 2 Overview of the Labor Market

Week 3. Labor Supply

Required: Ehrenberg/Smith

Chapter 6 Supply of Labor to the Economy: The Decision to Work

Week 4. Employee Supply of Labor over the Life Cycle -- What determines the split of work inside and outside the home? What affects the retirement decision?

Required: Ehrenberg/Smith,

Chapter 7 Labor Supply: Household Production, the Family, and the Life Cycle

Week 5. Employer Demand for Labor

What determines the quantity of labor purchased by a firm? What is the marginal product of labor? What is the wage elasticity of labor demand?

Required: Ehrenberg/Smith, Chapter 3 pp. 59-74, and Chapter 4 Labor Demand Elasticities

Week 6. Employer Demand for Labor - Develop or Buy Skills?

How do training costs and employee benefits affect the demand for workers? How do imports and technological change affect labor demand? Why use temporary workers? Why is there an overtime-pay premium, and what are its effects?

Required: Ehrenberg/Smith, Chapter 3 pp. 74-81, and

Chapter 5 Frictions in the Labor Market

Week 7. Education, Training, and Migration: Human Capital

How much do worker earnings increase with extra education? Does this earnings increase reflect enhanced skills due to the education, or pre-existing skills of people who pursue more education? How are worker earnings and productivity affected by training good at any firm vs. training good at only one firm?

Required: Ehrenberg/Smith,

Chapters 9 Investments in Human Capital: Education and Training Chapter 10 Worker Mobility: Migration, Immigration, and Turnover

Week 8. Midterm

Week 9. Compensating Wage Differentials

How do working conditions, such as risk of injury, affect wages? What are the arguments for and against government regulations?

Required: Ehrenberg/Smith, Chapter 8 Compensating Wage Differentials and Labor Markets

Week 10. Compensation Systems

Required: Ehrenberg/Smith,

Chapter 11 Pay and Productivity: Wage Determination within the Firm

Week 11. Discrimination

Who is discriminated against in labor markets? By whom? Has this changed over time? Is government policy effective?

Required: Ehrenberg/Smith, Chapter 12 Gender, Race, and Ethnicity in the Labor Market

Week 12. Unions

How do unions affect the distribution of earnings, productivity, and the status of labor? Why has the percent unionized declined in the U.S.?

Required: Ehrenberg/Smith, Chapter 13. Unions and the Labor Market

Week 13. Unemployment

Who are the unemployed? Why do we have unemployment, and how can we get rid of it?

Required: Ehrenberg/Smith, Chapter 14 Unemployment

Week 14. Income Inequality

What are the trends in income inequality, and what accounts for them? How does international trade affect labor markets? Are your wages set in Beijing?

Required: Ehrenberg/Smith, Chapter 15 Inequality in Earnings

Week 15. Final