Economics of the Employment Relationship
Summer 2016

Pre-Requisite: None

Meeting Times: Mondays and Wednesdays, 6PM – 10PM, beginning June 1st, 2016

Location: Cook / Douglass – LEC Room 133

Course Description: Overview of labor economics, key public policy issues affecting the employment relationship, and analysis of key economic data to support employment policy decision making.

Instructor: Joel Schreiber, MBA, CFP ®

Please use the course’s Sakai Chat Room folder for any questions pertaining to class material.

Contact me directly for personal issues or absences: joel.schreiber@rutgers.edu

Office Hours: Mondays and Wednesdays, 5:15, LEC 133.

One required text:


Order directly from: http://www.dollarsandsense.org/bookstore/infounlevel.html

Additional required readings available online, in the Sakai site / Resources.

Preparation for Class

Class will include lectures, small group discussions, and practice problems done in class (in study groups). It is important to:

- Be prepared for class. Always read the material assigned for a class before the class. Check your email for class announcements.

- Be present and be on time. Attendance will count for 5 - 10% of your course grade. You should obtain lecture notes from another student if you are forced to miss a class. These are not provided by the instructor or by teaching assistants.
• **Participate** in discussions and group activities. Explain your views. Ask questions. Also listen – don’t monopolize the discussion or ignore other views. This is particularly essential for international students. NOTE: You cannot receive an “A” in this class, without actively participating!

• Take careful lecture notes.

• Check into the Sakai Chat Room often, for valuable shared information.

You are responsible for reading, and following, the “Plagiarism Guidelines” posted on Sakai. Please read those guidelines and keep them in mind.

**Evaluation**

For purposes of grading, there are five components of the course:

- Class preparation, attendance, and participation (10%)
- Problem sets (20%)
- Group Data projects (20%)
- First Midterm exam (6/27/2016) (25%)
- Second Midterm exam (7/6/2016) (25%)

The following schedule is subject to change; readings should be completed before class.

|---------------------------------------------------------------|
| **6/1/2016**  
**Class 1**                                          |

**Introduction and Course Overview**

How to think like an economist. Ten Principles of Economics. How strong is our economy today? How strong is our national employment?

Readings and Viewings:


   People face tradeoffs / Opportunity cost / Marginal Decisions / Incentives / Benefits of Trade / Markets are usually efficient / Government is sometimes needed / Productivity drives standard of living / Prices rise with too much money supply / Inflation vs. Unemployment.

2. Reich, *The Truth about the Economy*. [https://www.youtube.com/watch?v=ynI5rM7bgU](https://www.youtube.com/watch?v=ynI5rM7bgU)

3. Boudreaux, Don, *The Real Truth about the Economy*: Have Wages Stagnated? [https://www.youtube.com/watch?v=s6FmhXQ32W0](https://www.youtube.com/watch?v=s6FmhXQ32W0)
| 6/6 Class 2 | **Economics 101: Supply and Demand, Elasticity, marginal product of labor. Is labor economics simply the application of these theories?**  
**Readings:**  
1. **Supply and Demand:** Keat, Young and Erfle, Managerial Economics, 7th edn, Pearson, pp. 39 – 52.  
   Law of Demand / Movement along a demand curve vs. shift in the demand curve / Non-price factors of demand. Law of supply / movement vs. shift in Supply curve / non-price factors of Supply. Where demand meets supply; price and quantity sold. Supply and demand analysis visually and quantitatively. Assumption of competitive market.  
2. **Elasticity, or how steep is your demand curve?:** Keat, Young and Erfle, Managerial Economics, 7th edn, Pearson, ch. 4, pages 68-72.  
Peculiarities of labor markets: male vs. female workers, labor / leisure tradeoff / Rate of time preference / Income vs. substitution effect / Wage determination issues / unemployment’s impact. |
| 6/8 Class 3 | **Political Economy approach to Employment Theory. Hiring and wage discrimination.**  
**Readings:**  
   Compensating differentials / Human Capital / Ability, effort and chance / Signaling / the Opportunity Cycle / Globally competitive markets limit the level of wage discrimination.  
**Readings:**  
   Counting the “participants,” / population growth impacts / Participation trends / immigration impacts / impact of women entering the labor force. |

The out-sourcing of U.S. jobs… Impact of the global economy on the U.S. labor supply.

<table>
<thead>
<tr>
<th>6/15 Class 5</th>
<th>Labor Demand - The company's marginal product, law of diminishing returns and profit maximization. Sounds great in theory – but what is the corporate reality?</th>
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<tbody>
<tr>
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<td><strong>Unemployment</strong> - Unemployment / Inflation tradeoff – do we need some level of unemployment? How do we measure unemployment? What is unemployment's true cost to individuals, to industry, to society.</td>
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<tr>
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<td><strong>Readings:</strong></td>
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<td></td>
<td>Production Function / law of diminishing returns / marginal product of labor.</td>
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<td>3. Does the theory still apply?</td>
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<tr>
<th>6/20 Class 6</th>
<th>Wages – What determines them? Competition, monopsony and compensating differentials. What are the recent trends in U.S. workers' wages?</th>
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<td><strong>Readings:</strong></td>
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<td>Date</td>
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| 6/22 | Class 7 | Differences in tastes and abilities / Effect of unemployment / Effect of non-competing groups.  
Group Data Projects Discussions |  
**First Midterm** |
| 6/27 | Class 8 | Course Part 2 – Collective, Government and Market based Solutions to the Issues  
**Human Capital theory – a solution to the Labor Supply issues, and a potential boost to corporate profits?**  
Readings and Viewings:  
3. The new Science of Human Capital (HR within companies). [https://www.youtube.com/watch?v=j3rZSlqZ0pM](https://www.youtube.com/watch?v=j3rZSlqZ0pM)  
4. Human Capital and the Age of Change: [https://www.youtube.com/watch?v=y1sueM_jhSk](https://www.youtube.com/watch?v=y1sueM_jhSk)  
Minimum Wage debate – Economics arguments, societal arguments. What is the minimum wage’s track record? What is a fair minimum wage?  
Readings:  
**Class 9**

**6/29**

**Labor Unions: How much do they raise wages? Do they improve worker benefits? Who benefits and who bears the costs?**

Readings and Viewings:


**Government’s role. Fiscal policy – how much does it help job creation? Monetary policy and the Federal Reserve – how much do they affect jobs? From 10% to 5% unemployment in the last 7 years: Who deserves the credit?**


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**Class 10**

**July 6**

**SECOND MIDTERM EXAM**

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**Attendance:** Attendance is of critical importance. It is essential to keep up with the class material. Attendance will be taken in each class. If a student misses/will miss a class, then the student needs to send a courtesy e-mail message to the professor. **As stated earlier, attendance will count for up to 5 - 10% of your course grade!!**

**Required:** Excel 2007 (or higher) or, for MACs, StatPlus/Analyst Soft as an alternative, is required for problems, related cases, and team projects. Reading assignments must be completed prior to each lecture.
Communication Devices: No communication devices (cell phones, palm pilots, beepers, pagers, etc.) can be used in the classroom.

Assessment:
Posting of Grades: Please check MyRutgers for your final grades.
Assessment Policy:

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<th>Letter Grade</th>
<th>Scores Based on Course Components</th>
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<tbody>
<tr>
<td>A</td>
<td>90-100</td>
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<tr>
<td>B+</td>
<td>85-89</td>
</tr>
<tr>
<td>B</td>
<td>80-84</td>
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<tr>
<td>C+</td>
<td>75-79</td>
</tr>
<tr>
<td>C</td>
<td>70-74</td>
</tr>
<tr>
<td>D</td>
<td>60-69</td>
</tr>
<tr>
<td>F</td>
<td>&lt; 60</td>
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Note: The thresholds for final letter grades will be re-scaled if a conventional standard seems unreasonable.

Academic Integrity: All students are responsible for locating, reading, and abiding by the University Policy on Academic Integrity for Undergraduate and Graduate Students. The policy is available on-line at http://cat.rutgers.edu/integrity/policy.html

Recommendations: Requests for recommendations must be made in writing after completion of the course.

Take Home Exams: All Take Home Exams are posted on Sakai under “Assignments.” Take Home Exams must be uploaded on time in their entirety.

Penalty: For every day that an assignment is late there is a 10% penalty that will accrue, with a max of one week. Submissions must be complete; no partial assignments can be submitted.

Communication:
1. NETID Needed
   Rutgers uses the Sakai system. In order to use this system, you must have a NETID and PW. A NETID is an account on one of the main systems at Rutgers (Pegasus, Eden, Andromeda or RCI).
   - If you have a NETID, you can currently ensure that you will be able to login to the system.
   - If you do not have a NETID, please use the following page to attain one:
     [http://netid.rutgers.edu/](http://netid.rutgers.edu/)
   - If you have any problems, please contact your local RUCS Help Desk. You can reach them at help@nbcs.rutgers.edu or 732-445-Help

Sakai
To facilitate class learning, please access and print course documents needed for class from the course management system known as Sakai. Course documents are posted in folders under Resources.

**Quick Start for Sakai:**
https://sakai.rutgers.edu/access/content/public/quickmember.html

**Sakai website:**
http://sakai.rutgers.edu/portal

If you do not see this course listed, then the site in likely in the “More” dropdown box to the right of your tabs.

You can rearrange the order of your sites or hide sites from previous semesters by using the Preference tool in My Workspace and clicking on the “Customize Tabs” action button.

**CTAAR**
The Center for Teaching Advancement and Assessment Research supports teaching and learning through a variety of areas. Free for students are software workshops in Excel, Word, PowerPoint, Access, etc.
http://ctaar.rutgers.edu/workshops/ws_descr_IT.html

**Student E-Mail and Phone Numbers:**
a. A student can forward mail from his/her Eden/Pegasus address to a preferred e-mail address. Go to http://www.eden.rutgers.edu/tools.php and click on forwarding. Enter your NetID and PW. Then fill in your preferred e-mail address.

  **Cautions:** Hotmail has problems with e-mails with attachments. Also, some corporations spam e-mails with attachments.
  - If you have any problems, please contact your local RUCS helpdesk at help@nbcs.rutgers.edu

Students, also, have the responsibility to then inform the professor of any changes to their phone numbers (day and evening). Please use “37:575:250:06” in the Subject section to avoid being spammed. **Please sign your full name in all e-mail correspondence.**

**Please do not Reply All to the Instructors.** Otherwise, several members of the staff and instructors will receive your correspondence.

Please check your e-mail regularly, especially on the day of class, to learn if there are any changes in the class schedule, class requirements, or for other general announcements.

**Study Groups:** Forming study groups will facilitate learning by keeping you focused, involved, and current in the course.
**Classroom Etiquette:** Common courtesy is expected at all times. **Please turn off all cell phones and other communications devices during class.** This facilitates efficient learning, best performance in the course, and timely completion of classes.

**Parking Impacts:** Special events may impact parking.

**Snow Emergency University/Campus Closings:** 732-932-INFO (New Brunswick); [http://campusstatus.rutgers.edu](http://campusstatus.rutgers.edu)