

This course applies microeconomic theory to the market for labor. The first half of the course focuses on building the theory of labor markets from the underlying behavior of individuals (supply) and firms (demand). Along the way, other determinants of wages and employment, such as education, training and technological change, are treated.

The second half of the course applies the theory to specific problems of policy interest. These include discrimination, unions, unemployment, and the distribution of income. Of particular interest is the confirmation (or refutation) of the theory by empirical observations.

Course requirements: Your course grade will be based on a midterm exam (25%), a final exam (50%), and problem sets (25% in total). The in-class midterm exam will be held on Tuesday Feb 27 in class and the comprehensive final exam is scheduled for Friday, May 4 from 2 pm to 5 pm. There will be no make-up midterm exams. If you do not take the midterm, for a reason which I deem appropriate in advance of the test, your final course grade will be based 75% on the final exam grade. If you fail to take the midterm and have no acceptable excuse, your course grade is based 50% on the final and you will receive a grade of zero for the midterm. If you cannot take the final exam at the scheduled time please do not take the course.

Problem Sets: Doing problems is an excellent way to learn economics. I will put some practice problems on the website. I encourage you to discuss these practice problems with your fellow students. The answers will be posted and discussed in your discussion section. There will also be five graded problem sets which will be pledged, due on Tuesday and discussed the following Thursday in discussion section. These will count a total of 25% of your grade.

Course Web Page: I have established course web pages through Collab and Piazza.

Readings: The textbook for the course is Labor Economics by Kenneth McLaughlin (Oxford University Press). I have ordered copies at the University Bookstore. I chose this book in part because it is substantially cheaper than other labor economics textbooks. I have also put some additional readings (under Resources on Collab) which will give you a flavor of how economists think about some of these important issues. These readings are organized into folders corresponding to the topics on the next page. Finally, a calculus supplement to the text is also on the Collab site (Resources). You should read the corresponding section of the calculus supplement for each text chapter.

Communications: I encourage you to use Piazza if you have a question about the course material or the course requirements. I also encourage everyone to respond to questions about the course material on Piazza. The discussions on Piazza can illuminate the whole class.

My office is Monroe Hall Room 232, and my phone number is 924-3251. My office hours this semester are on Wednesdays, 130 pm – 300 pm or by appointment. My e-mail address is wjohnson@virginia.edu.

Class Schedule

	<u>Topic</u>	<u>Readings</u>	<u>Assignments</u>
Jan 18	Introduction	Text Chapter 1 plus readings and calculus supplement	
Jan 23,25	Labor Supply Theory	Text sections 3.2, 3.4 and calculus supplement	
Jan 30, Feb 1	Labor Supply Applications	Text sections 3.1, 3.3, 3.5 plus readings	Problem set #1 due in class Jan 30
Feb 6,8	Labor Demand	Text Chapter 4 and calculus supplement	
Feb 13, 15	Market Equilibrium and policy distortions	Text sections 2.1, 2.2, 2.3 plus readings and calculus supplement	
Feb 20, 22	Imperfect competition in the Labor Market	Text section 2.4	Problem set # 2 due in class Feb 20
Feb 27	MIDTERM EXAM (in class)		
Mar 1, 13	Compensating Differentials	Text Chapter 5 and calculus supplement	
Mar 15, 20	Human Capital	Text Chapter 6 plus sections 7.1,7.2, 7.3 and calculus supplement plus readings	Problem set # 3 due in class Mar 20
Mar 22	Mobility and Migration	Text sections 7.4 , 7.5 and calculus supplement plus readings	
Mar 27, 29	Discrimination	Text Chapter 8 and calculus supplement plus readings	
April 3, 5	Unions	Text Chapter 9 and calculus supplement plus readings	
April 10, 12	Unemployment	Text Chapter 12 and calculus supplement	Problem set # 4 due in class, April 10
April 17, 19	Forms of Compensation	Text Chapter 11 and calculus supplement plus readings	
April 24, 26, May 1	Distribution and Level of Wages and Income	Text Chapter 10 and calculus supplement plus readings	Problem set # 5 due in class, April 24

Final Exam: Friday, May 4, 2 p.m. to 5 p.m.

Discussion Section Schedule

Discussion Date (Thursdays)	Discussion Topic	Graded Problem Set due previous Tuesday
Jan 18	No discussion	
Jan 25	Practice problems 1	
Feb 1	PS 1	PS 1 due Jan 30
Feb 8	Practice problems 2	
Feb 15	Practice problems 3	
Feb 22	PS 2	PS 2 due Feb 18
Mar 1	Practice problems 4	
Mar 15	Midterm exam discussed	
Mar 22	PS 3	PS 3 due Mar 20
Mar 29	Practice problems 5	
April 5	Practice problems 6	
April 12	PS 4	PS 4 due April 10
April 19	Practice Problems 7	
April 26	PS 5	PS 5 due April 24

Course Honor Policy

I trust every student in this course to comply fully with all of the provisions of the UVa Honor System. By enrolling in this course, you have agreed to abide by and uphold the Honor System of the University of Virginia, as well as the following policies specific to this course.

- All graded problem sets must be pledged. You should not collaborate with other students on these or access old problem sets or answer keys.
- You will be allowed to bring one standard sheet of paper (8" x 11.5") with any notes you find useful into both the midterm and final exam. My only stipulation is that what is written or printed on that paper be your own work.
- All suspected violations will be forwarded to the Honor Committee and at my discretion, you may receive an immediate zero on that assignment regardless of any action taken by the Honor Committee

Please let me know if you have any questions regarding the course honor policy.

More information on the Honor System can be found at www.virginia.edu/honor.