

ECONOMICS OF WAGES & EMPLOYMENT
ILRLE 2400
Spring 2015

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Office Hours:
Tuesdays 1 PM – 3 PM
(other times by appointment)

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Brief Course Description:

This course describes and applies economic theory and elementary tools of economics to the characteristics and processes of the labor market. Both the demand (employer) and supply (employee) sides of the market will be explored, and the effects of government programs and private decisions targeted at the labor market will be examined.

Prerequisites:

ECON 1110 (Introductory Microeconomics) and ECON 1120 (Introductory Macroeconomics), or permission of instructor.

Learning Goals:

By the end of the course, you should be able to:

- Understand the determinants of employers' demand for labor, and how changes in the economic environment impact labor demand;
- Understand the determinants of employees' supply of labor, and how changes in the economic environment impact labor supply;
- Understand and evaluate theories that explain why real-world labor markets can exhibit unemployment, unequal wages for equally productive workers, and discrimination;
- Understand and evaluate public policy questions that relate to the supply side and the demand side of the labor market.

Students with Disabilities

Your access in this course is important. Please provide me with your Student Disability Services (SDS) accommodation letter early in the semester so that I have adequate time to arrange your approved academic accommodations. If you need immediate accommodation for

equal access, please speak with me after class or send an email message to me (with a cc to sds_cu@cornell.edu). If the need arises for additional accommodations during the semester, please contact SDS.

Course Requirements:

Participants are expected to complete assigned readings prior to the appropriate class and to attend all classes. There will be four (4) problem sets, a preliminary exam scheduled by the University for March 24, 2015 and a cumulative final exam scheduled by the University. The time and location of the preliminary exam will be announced as soon as possible. Date/time and location of final exam will be announced as soon as possible. All students are expected to complete all four problem sets and sit for both the preliminary exam and the final exam.

Readings:

The required text for this course is Ronald C. Ehrenberg and Robert S. Smith, *Modern Labor Economics: Theory and Public Policy*. Additional required readings will be assigned periodically, and are indicated in the reading list at the end of this syllabus. Optional readings and materials will be suggested throughout the course and will be made available via Blackboard or the Library Reserves System. If you are unable to find a reading, please let me know right away.

Classroom Polling / iClickers:

We will be using iClickers in class for a variety of applications throughout the semester. Please bring your iClicker to every class. The participation and discussion portion of your course grade is based on your in-class polling responses using the iClicker technology. The final page of this syllabus contains important information on the use of iClickers in this class.

[More information about iClickers at Cornell - and a "how-to" guide for students can be found here.](#)

Course Grading:

Problem sets	30%
Discussion Participation	10%
Prelim Exam	30%
Final Exam	30%

Problem Sets

There will be four problem sets assigned throughout the course. You may work on the problem sets with others, but all writing, graphing, solving equations, etc., should be all yours. No scans or photocopies will be accepted. *Problem sets are to be submitted at the beginning of class on the due date. No late assignments will be accepted, and no make-up problem sets will be available.*

Problem Set	Due
#1 – Economic Models, Regression Analysis, Labor Market Overview	02/10/15
#2 – Labor Supply, Labor Demand	03/10/15
#3 – Labor Market Frictions, Compensating Wage Differentials, Human Capital	04/07/15
#4 – Pay and Productivity, Gender/Race/Ethnicity/Age/Disability, Unemployment	04/30/15

Problem sets will be graded according to the rubric shown below.

CRITERIA	NO / LIMITED PROFICIENCY	SOME PROFICIENCY	PROFICIENCY	HIGH PROFICIENCY
Identifies & explains issues	Fails to identify, summarize or explain the main problem or question, or represents the issues inaccurately or inappropriately	Identifies main issues but does not summarize or explain them clearly or sufficiently	Successfully identifies and summarizes the main issues, but does not explain why/how they are problems or create questions	Clearly identifies and summarizes main issues and successfully explains why/how they are problems or questions, and identifies embedded or implicit issues, addressing their relationship to each other
Recognizes context	Fails to accurately identify or explain any empirical or theoretical context for the issues, or presents problems having no connections to other conditions or contexts	Shows some general understanding of the influences of empirical and theoretical contexts but does not identify any specific ones relevant to the situation at hand	Correctly identifies all the empirical and most of the theoretical contexts relevant to the situation at hand	Not only correctly identifies all the empirical and theoretical contexts relevant to the situation at hand, but also finds minor contexts and shows the tension or conflicts of interest among them

CRITERIA	NO / LIMITED PROFICIENCY	SOME PROFICIENCY	PROFICIENCY	HIGH PROFICIENCY
Frames personal responses and acknowledges other perspectives	Fails to formulate and clearly express own point of view, or fails to anticipate objections to his/her point of view, or fails to consider other perspectives and positions	Formulates a vague and indecisive point of view, or anticipates minor but not major objections to his/her point of view, or considers weak but not strong alternative positions	Formulates a clear and precise personal point of view concerning the issue, and seriously discusses its weaknesses as well as its strengths	Not only formulates a clear and precise personal point of view, but also acknowledges objections and rival positions and provides convincing replies to these
Evaluates assumptions	Fails to identify and evaluate any of the important assumptions	Identifies some of the most important assumptions, but does not evaluate them for plausibility or clarity	Identifies and evaluates all the important assumptions, but not the abstract ones deeper in the background	Not only identifies and evaluates all the important assumptions, but also some of the more abstract, hidden ones
Evaluates evidence	Fails to identify data and information that counts as evidence for truth-claims and fails to evaluate its credibility	Successfully identifies data and information that counts as evidence but fails to thoroughly evaluate its credibility	Identifies all important evidence and rigorously evaluates it	Not only identifies and rigorously evaluates all important evidence offered, but also provides new data or information for consideration
Evaluates implications	Fails to identify implications, conclusions or consequences of the issue, or the key relationships between the other elements of the problem, such as context, assumptions, or data and evidence	Suggests some implications, conclusions and consequences, but without clear reference to context, assumptions, data and evidence	Identifies and briefly discusses implications, conclusions and consequences considering most but not all the relevant assumptions, contexts, data and assumptions	Identifies and thoroughly discusses implications, conclusions and consequences, considering all relevant assumptions, contexts, data and evidence

Make-Up Policy

All students are expected to sit for the preliminary exam and the final exam. There are no make-up exams in this course. If a student misses an exam, then that student's grade on the exam will equal the grade on the other exam minus one letter grade. For example, suppose that John earns an A on the first exam and misses the second exam. John will receive a B on the second exam. Suppose that Sue misses the first exam and earns a B on the second exam. Sue will receive a C on the first exam. Students missing both exams will need to retake the course.

Academic Integrity:

Each student in this course is expected to abide by the Cornell University Code of Academic Integrity (<http://cuinfo.cornell.edu/Academic/AIC.html>). "Absolute integrity is expected of every Cornell student in all academic undertakings. Integrity entails a firm adherence to a set of values, and the values most essential to an academic community are grounded on the concept of honesty with respect to the intellectual efforts of oneself and others." Any work submitted by a student in this course will be the student's own. The buying and selling of course materials is expressly prohibited; engaging in such behavior constitutes academic misconduct. Please read and understand the University Code of Conduct. If you have any questions, please let me know.

Classroom / Community Responsibilities:

A large part of the academic experience is the challenging of viewpoints and exploring issues from differing perspectives. You are encouraged to express differences of opinion and challenge viewpoints in a mutually respectful manner that opens up dialogue and does not threaten any member of the learning community. Our classroom environment will be a safe place for the open exchange of ideas by all participants. Each participant is responsible for ensuring that his or her own behavior promotes this.

Additionally, it is important that we take care of ourselves and each other. Please see me if you want to talk about the course or anything else.

"I want to stress how important it is that all of us take care of ourselves and also look out for each other as members of a campus community. When we are aware of someone who is in distress, we demonstrate compassion when we extend ourselves to that person, rather than ignoring the need. This is what it means to be a caring community." -- President David Skorton

Lecture Schedule

The lecture schedule is given on the following pages, along with a list of the required readings and recommended course materials.

Lecture Schedule

Date	Event
January 22	Lecture 1 - What is Labor Economics and Why Should You Care?
January 27	Lecture 2 - Economics, Economic Models and Economic Policies
January 29	Lecture 3 - Regression Analysis
February 3	Lecture 4 - Labor Markets: Concepts, Definitions, and Jargon
February 5	Lecture 5 - Labor Markets: Supply, Demand, and (Dis)equilibrium
February 10	Lecture 6 - Labor Supply: The Decision to Work
February 12	Lecture 7 - Labor Supply: Household Production and Family Decisions
February 17	<i>No Classes – February Break</i>
February 19	Lecture 8 - Labor Supply: Lifecycles and Substitution Effects
February 24	Lecture 9 - Labor Demand: The Short Run
February 26	Lecture 10 - Labor Demand: The Long Run
March 3	Lecture 11 - Own-Wage Elasticity of Demand
March 5	Lecture 12 - Cross-Wage Elasticity of Demand
March 10	Lecture 13 - Frictions on the Employee Side of the Labor Market
March 12	Lecture 14 - Frictions on the Employer Side of the Labor Market
March 17	Lecture 15 - Compensating Wage Differentials: Preferences and Information
March 19	Lecture 16 - Compensating Wage Differentials: Hedonic Wage Theory
March 24	Review Class – Preliminary Exam
March 26	Lecture 17 - Human Capital
March 31	<i>No Classes – Spring Break</i>
April 2	<i>No Classes – Spring Break</i>
April 7	Lecture 18 - Pay and Productivity: A Question of Motivation?
April 9	Lecture 19 - Pay and Productivity: Preferences and Pay Plans
April 14	Lecture 20 - Gender, Race, Ethnicity, Age and Disability in the Labor Market
April 16	Lecture 21 - Theories of Market Discrimination
April 21	Lecture 22 - Unemployment: A Stock-Flow Model
April 23	Lecture 23 - Unemployment: Underlying Causes
April 28	Lecture 24 - Earnings Inequality: Measurement, Causes and Trends
April 30	Lecture 25 - Earnings Inequality: Remediation Through Policy
May 5	Review Class – Final Exam

REQUIRED READINGS AND RECOMMENDED SUPPLEMENTAL MATERIALS

January 27 – Economics, Economic Models and Economic Policies

Required:

- Ehrenberg & Smith, Chapter 1

Recommended:

- Chapter 1 Summary
- Multimedia – Pareto Efficiency in Action (video)

January 29 – Regression Analysis

Required:

- Ehrenberg & Smith, Chapter 1 Appendix
- Thomas, Chapter 3

Recommended:

- Self-Assessment Chapter 1
- Multimedia – Externalities (video)

February 3 – Labor Markets: Concepts, Definitions and Jargon

Required:

- Ehrenberg & Smith, Chapter 2

Recommended:

- Chapter 2 Summary

February 5 – Labor Markets: Demand, Supply and (Dis)Equilibrium

Required:

- Ehrenberg & Smith, Chapter 2

Recommended:

- Multimedia – Labor Markets (video)

February 10 – Labor Supply: The Decision to Work

Required:

- Ehrenberg & Smith, Chapter 6

Recommended:

- Chapter 6 Summary
- Self-Assessment Chapter 2
- Multimedia – What Makes Us Feel Good About Our Work? (video)

February 12 – Labor Supply: Household Production and Family Decisions

Required:

- Ehrenberg & Smith, Chapter 7

Recommended:

- Chapter 7 Summary
- Self-Assessment Chapter 6

February 19 – Labor Supply: Lifecycles and Substitution Effects

Required:

- Ehrenberg & Smith, Chapter 7
- Thomas, “The Age-Earnings Relationship Is Not What You Think”
- Thomas, “The Bermuda Triangle: Age, Earnings and Productivity

Recommended:

- Multimedia – A New Kind of Job Market (video)

February 22 – Labor Demand: The Short Run

Required:

- Ehrenberg & Smith, Chapter 3

Recommended:

- Chapter 3 Summary
- Self-Assessment Chapter 7

February 26 – Labor Demand: The Long Run

Required:

- Ehrenberg & Smith, Chapter 3

Recommended:

- Multimedia – Are Droids Taking Our Jobs? (video)

March 3 – Own-Wage Elasticity of Demand

Required:

- Ehrenberg & Smith, Chapter 4

Recommended:

- Chapter 4 Summary
- Self-Assessment Chapter 3

March 5 – Cross-Wage Elasticity of Demand

Required:

- Ehrenberg & Smith, Chapter 4

Recommended:

- Chapter 4 Summary

March 10 – Frictions on the Employee Side of the Labor Market

Required:

- Ehrenberg & Smith, Chapter 5

Recommended:

- Chapter 5 Summary
- Self-Assessment Chapter 4

March 12 – Frictions on the Employer Side of the Labor Market

Required:

- Ehrenberg & Smith, Chapter 5

Recommended:

- Multimedia – The Nobel Lecture: Equilibrium in the Labour Market with Search Frictions (video)

March 17 – Compensating Wage Differentials: Job Matching, Preferences and Information

Required:

- Ehrenberg & Smith, Chapter 8

Recommended:

- Chapter 8 Summary
- Self-Assessment Chapter 5

March 19 – Compensating Wage Differentials: Hedonic Wage Theory

Required:

- Ehrenberg & Smith, Chapter 8

Recommended:

- Multimedia – Compensating Wage Differentials and Drug Dealing (video)

March 24 – Review Class – Preliminary Exam

Required:

Review notes, problem sets, etc., and bring questions to class

March 26 – Human Capital: Models and Cost/Benefit Analysis

Required:

- Ehrenberg & Smith, Chapter 9

Recommended:

- Chapter 9 Summary
- Self-Assessment Chapter 8
- Multimedia – The Economic Case for Preschool (video)

April 7 – Pay and Productivity: A Question of Motivation?

Required:

- Ehrenberg & Smith, Chapter 11

Recommended:

- Chapter 11 Summary
- Self-Assessment Chapter 9
- Multimedia – Does Money Motivate Us? (video)

April 9 – Pay and Productivity: Preferences and Pay Plans

Required:

- Ehrenberg & Smith, Chapter 11

Recommended:

- Thomas, “Do Generational Differences Matter for Total Rewards?”
- Multimedia – Reinventing the Labor Market (video)

April 14 – Gender, Race, Ethnicity, Age and Disability in the Labor Market

Required:

- Ehrenberg & Smith, Chapter 12

Recommended:

- Chapter 12 Summary
- Self-Assessment Chapter 11

April 16 – Theories of Market Discrimination

Required:

- Ehrenberg & Smith, Chapter 12

Recommended:

- Multimedia – 5 Years After Ledbetter: Employer and Worker Perspectives On Where We Are and Where We Need To Go (video)

April 21 – Unemployment: A Stock-Flow Model

Required:

- Ehrenberg & Smith, Chapter 14

Recommended:

- Chapter 14 Summary
- Self-Assessment Chapter 12

April 23 – Unemployment: Underlying Causes

Required:

- Ehrenberg & Smith, Chapter 14

Recommended:

- Multimedia – What Will Future Jobs Look Like? (video)

April 28 – Earnings Inequality: Measurement, Causes and Trends

Required:

- Ehrenberg & Smith, Chapter 15
- Case Study Chapter 15 – Rags to Riches or Riches to Rags

Recommended:

- Chapter 15 Summary
- Self-Assessment Chapter 14

April 30 – Earnings Inequality: Remediation Through Policy

Required:

- Ehrenberg & Smith, Chapter 15

Recommended:

- Multimedia – Rise of the New Global Super Rich (video)

May 5 – Review Class – Final Exam

Required:

Review notes, problem sets, etc., and bring questions to class

The Use of Polling Technology in this Class

Why Are We Using iClickers?

My goals for using this technology during class are as follows:

- Promote active student engagement during class;
- Promote discussion and collaboration among students during class;
- Encourage participation from each and every student in class;
- Create a safe space for discussion by providing an opportunity to share your thoughts anonymously;
- Provide students with immediate feedback on their comprehension of course material;
- Receive immediate feedback on how effectively I am presenting course materials.

How Will We Be Using iClickers in Class?

iClickers will be used in class every day as a teaching/learning tool. You will be using your iClickers to answer multiple choice questions in real time. iClickers will not be used to track attendance.

Obtaining / Registering i>Clickers

Each student is responsible for purchasing a new or used clicker. Alternatively, students may use their smartphone/tablet/laptop instead of an i>Clicker remote using the i>Clicker GO subscription app. The Cornell Book Store sells i>Clicker GO subscriptions for \$9.99 per semester and new and used i>Clickers for \$30-\$40.

Students are required to register their clickers via the Blackboard Learning Management System:

1. Log in to Blackboard at <http://blackboard.cornell.edu>
2. Under your list of "My Courses" click on the name for this course
3. Click on the "Tools" button in the Course Menu
4. Click on the "i>Clicker Remote Registration"
5. Type in the i>Clicker Remote ID on the back of your device
6. Click submit

Do not register your devices at the iClicker website. Your device must be registered through the Blackboard site for this course to receive credit for participation. If you have any difficulty, please contact me as soon as possible.

iClicker Grading Policy

Students receive credit for answering questions correctly for 1 point per class. For the term, iClicker points constitute 10% of your final grade. The maximum number of clicker points

possible is 20 (there are 24 lectures throughout the semester in which iClicker questions will be posed). No “makeup” iClicker opportunities will be provided.

Academic Integrity and iClickers

Each student is expected to log his or her answers to iClicker questions on his or her own device. Using an iClicker for someone else will be considered cheating, and will be cause for discipline.