

## **Theory of Labor Markets - ECN 3441**

Professor Kenneth Couch

Office Hours: M, W 4.00-5.00 p.m. (Oak 325) and by appointment

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Class Time: M, W 5.00-6.15 p.m. (Oak 117)

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Required Text:

Borjas, George J. Labor Economics, 6<sup>th</sup> Edition. McGraw Hill

The text is available in the UConn bookstore.

Overview:

Labor economics is a sub-field in economics subsidiary to microeconomics. This course applies much of the theory learned in intermediate microeconomics in the specific context of labor markets. Labor economics concerns itself with a number of very interesting problems involving workers in the economy. Any decision involving individuals making choices about their use of time falls within the field of labor economics. The most fundamental problem considered in labor economics is how individuals decide how much time to spend working and in other activities. Similarly, labor economics examines how rational individuals decide whether it is in their best interest to pursue more education or to work instead. Labor economics also crosses at times into what are considered by many to be matters of personal choice as they involve the use of time. For example, whether a woman should exit the labor market temporarily in order to have children is a topic that receives a great deal of attention from labor economists.

Labor economics, as a field, also concerns itself with the decision to hire workers. Standard theory of the firm indicates that workers should be hired as long as the value of their product at least equals their wage. Naturally, examinations are made of whether this wage setting process is actually observed in the world. The course will consider critical perspectives of this theory through the consideration of race and gender discrimination in the United States

Decisions by individuals about how much to work determine the supply of labor. Decisions by firms to hire determine the demand for labor. As in the rest of economics, where demand and supply are coincident, equilibrium exists in the labor market. We will discuss equilibrium in the labor market. Then, we will have a basis to begin discussion of various government interventions into the labor market. As you can see from this brief description, labor economics covers a wide variety of interesting topics.

#### Course Structure and Grading:

The course will cover much of the material in the required text. Grades in the course will be determined from three exams that will be placed roughly one-third of the way through the course. The final will be administered during the assigned period under standard university scheduling. Each exam will count for 25 percent of the course grade. There will also be a number of in-class and take home quizzes that will constitute the other 25 percent of the course grade. You will be able to drop the lowest quiz score prior to calculation of the homework portion of the grade.

#### Online Resources:

Powerpoint slides for the lectures are available through HuskyCT.

#### Class Absences and Excuses:

I generally expect for students to attend class. You should not make vacation or other plans on dates of exams. I generally expect for you to attend class.

#### Cheating:

Exams are closed book and closed note. If you are found on any exam to be taking answers from a book, notes, or other material, you will receive an F for your semester grade. If you are seen copying answers from another student's exam or supply answers to another student during an exam, you will receive an F for the semester. If you are caught cheating, a complaint will also be filed with the student judicial board.