1. Catalog Description

ECN 3890 - Labor Economics. (3-0-3) F, S. Labor Econ
An introduction to labor market theory including labor demand, labor supply, investments in
human capital, wage determination, and an examination of government labor policy.

Prerequisite: ECN 2802G
Initial term of course offering: Spring 2004

2. Objectives and Evaluation of the Course

In this course, the student will:

- Develop a basic understanding of how labor markets work.
- Analyze what determines how much (if any) labor an individual is willing to supply.
- Examine how businesses decide how many workers (and what types of workers) to employ.
- Analyze the effects of education and training on wages.
- Examine how job amenities and employee benefits alter wages.

Students will be assessed using out-of-class assignments, three unit exams, and a
comprehensive final exam. Students will also be required to write a short (4-6 pages) paper
applying economic theory to a current issue in labor markets.

This course will be writing-active. Written homework assignments and short-answer essay
exams will be given. A short paper will also be assigned.

3. Outline of the Course

I. Introduction (1 week)
   a. The scope and content of labor economics
   b. Unique features of the labor market
   c. Labor market outcomes
   d. The labor market process
   e. Labor market theories

II. Labor Supply (4 weeks)
   a. The patterns of hours of work
   b. The theory of the labor/leisure choice
   c. Income-maintenance programs and labor supply
   d. Labor force participation rates by demographic characteristics
   e. Time & money costs of working
   f. Labor-force participation rates
   g. The decision to work
   h. Household labor supply decisions

Unit Exam 1

III. The Demand for Labor (4 weeks)
   a. The marginal productivity theory of labor demand
   b. Criticisms of the theory of labor demand
   c. The elasticity of demand for labor
   d. The relationship between product demand and labor demand
e. The pattern of capital/labor substitution
f. How competitive firms determine the profit-maximizing level of labor to hire
g. The theory of long-run labor demand
h. The determinants of the elasticity of labor demand
i. Technological change and labor demand
j. Productivity growth and the demand for labor

Unit Exam 2

IV. The Determination of Wages (2 week)
   a. Wage determination in competitive markets
   b. Wage determination in a monopsony market
   c. The minimum wage and market adjustments

V. The Theory of Human Capital (2 weeks)
   a. The theory of human capital
   b. Schooling & the distribution of individual earnings
   c. On-the-job training

Unit Exam 3

VI. Occupational Wage Differentials (2 weeks)
   a. Compensating wage differentials
   b. Job attributes & employee benefits
   c. Occupational licensing
   d. Government regulation of occupational safety & health conditions

Comprehensive Final Exam

4. Rationale
   A. The current course description is too encompassing and would require more than three
      semester hours to cover the contents. This new course description more closely resembles
      the material currently taught in ECN 3890.
   B. This course is a 3000-level course, with ECN 2802G as a prerequisite. This will allow a large
      number of students interested in labor economics to enroll in this course.
   C. Other departments do not have a course that covers similar material.
   D. This course will serve as an elective course for undergraduate students.

5. Implementation
   A. Initial assignment of the course will be to Dr. Linda Ghent.
   B. There will be no additional costs to students.
   C. The required textbook for the course will be:


6. Community College Transfer
   A community college course will not be judged equivalent to this course.

7. Date approved by the department: April 10, 2003

8. Date approved by the College of Sciences curriculum committee: May 2, 2003

9. Date approved by CAA: August 28, 2003