ECONOMICS 150: LABOR ECONOMICS
UCLA
FALL 2015
E. McDEVITT

Lecture: TTh, 2:00-3:15 in Haines 39
Office: Bunche 2255
Office Hours: Tu, 1:00 to 1:45 p.m. and Th, 9:30 -10:45
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COURSE DESCRIPTION: Topics include the core of labor supply and labor demand decisions, the application of the labor/leisure model to a wide variety of issues, household production decisions, life-cycle aspects of labor supply, short-run and long-run labor demand, monopsony in the labor market, labor demand elasticities, quasi-fixed labor costs and labor demand, human capital, asymmetric information issues, and other extended topics.

TEXTBOOK AND STUDY QUESTIONS: There is no textbook for the class. However, if you would like some additional reading material you can try Modern Labor Economics (11th edition) by Ronald G. Ehrenberg and Robert S. Smith. Earlier editions, 9th or 10th, are also fine. I have posted some old lecture notes for the class on the website (see link in upper lefthand corner on course website). I will be providing my own study questions. These questions are not corrected or graded, but you will find them very useful in preparing for exams. The study questions can be found on the class website—https://moodle2.sscnet.ucla.edu/course/view/15F-ECON150-1

In a few cases, I will post “footnotes” or articles/links which elaborate on some of the topics—these postings can be considered optional material.

EXAMS: There will be two midterm exams and a comprehensive final exam. The weights placed on the exams is as follows:

First Exam (October 22, Thursday) - 25%.
Second Exam (November 19, Thursday) - 25%.
Final Exam (Thursday, December 10, 2015, 11:30am-2:30p) - 50%.

All exams must be taken at the scheduled time.

EXAM RULES: Please note that calculators are NOT allowed for the exams. You will NOT be allowed to have cell phones or any other electronic devices on your desk during the exam. Once the exam begins, you will not be allowed to leave the room until you hand in your exam, so please plan accordingly. All backpacks should be zipped closed and all books put away. Failure to do so will delay the distribution of the exams for the entire class. All the students should have on their desks is a pen/pencil (s) and their photo ID card (which functions as a straightedge for drawing graphs).

POLICY ON MISSED EXAMS: If a student has a valid medical excuse and can provide documentation of such an excuse, or if the student has received prior permission (at least one week in advance of the exam) to miss an exam from the instructor, then additional weight will
be placed on the final exam. Prior permission to miss an exam is only granted for serious and compelling reasons. A student who misses an exam without a valid medical excuse or without receiving prior permission will receive a zero.

Students with a qualified disability who require academic adjustments (relating to exams or others) Section 504 of the Rehabilitation Act of 1973, (29 USC Section 794) (ADA) must register with the Office for Students with Disabilities (OSD) before receiving any academic accommodation(s). The OSD will communicate all proposed academic accommodations, including any modification to examination attendance requirements, directly to the instructor and the department. When possible, students should register with the OSD within the first week of classes so that a timely request for accommodation can be made. Whenever possible, the OSD will proctor examinations for eligible students seeking this type of academic accommodation. For additional information and the qualification conditions, please visit the OSD website at: http://www.osd.ucla.edu/Index.htm

For information on academic dishonesty please see the UCLA Office of the Dean of Students website at http://www.deanofstudents.ucla.edu/integrity.html

SEQUENCE OF TOPICS

I. Introduction (Chapters 1, 2, and 3 in E&S)
Overview of the Labor Market: definitions, facts and trends. Supply and demand analysis of the labor market. Supply and demand applications include payroll taxes, mandated benefits, immigration and trends in the skilled-to-unskilled wage rate (wage inequality trends) (Estimated number of weeks: 1.5)

II. Labor Supply (Chapters 6 & 7)
Trends in labor force participation rates and hours of work. Labor/leisure choice model, substitution and income effects, derivation of the labor supply curve. Applications of the labor/leisure model. Household production decisions*. Life-cycle aspects of labor supply*. Several applications, including income taxes, income maintenance and income replacement programs, fixed costs of working (child care/commuting costs), unemployment compensation, worker’s comp, mandated overtime. * = time permitting. (Estimated number of weeks: 3)

III. Labor Demand and Frictions in the Labor Market (Chapters 3, 4, and 5)
Short-run labor demand, Long-run labor demand, substitution and income effects. Conditional and unconditional labor demand. Labor demand when the product market is non-competitive. More than 2 variable inputs. Monopsony in the labor market, monopsony and wage discrimination. Labor demand elasticities, Hicks-Marshall laws of derived demand, applications. Quasi-fixed labor costs and their effects on demand. Training Investments. (Estimated number of weeks: 3)

IV. Other Labor Topics
Human Capital (Chapter 9)
Pay and productivity, asymmetric information issues (Ch. 11). (Estimated number of weeks: 1.5)