

Office: Carney 128
Phone: 552-3677
Office Hours: Tuesday and Thursday, 3:00-4:00 p.m.

Reading: Ronald G. Ehrenberg and Robert Smith, Modern Labor Economics: Theory and Policy, 6th Edition (New York: Addison-Wesley, 1996). (ES) This text is comprehensive and modern. It contains the main reading material for the course. The chapters in the text will be supplemented by assigned readings from journals and an interesting recent book by Robert Frank and Philip Cook, entitled The Winner-Take-All Society. Some of the supplementary readings contain advanced technical material; these are marked with an asterisk (*). The rule for these readings is to read the words and skim the equations.

Grading: There will be two exams given—a midterm and a final exam. The midterm exam will be given on Thursday, October 28. The midterm counts for 25 percent of the course grade. The final exam will be given on Friday, December 17, 12:30-2:30 p.m. The final exam counts for 50 percent of the course grade.

The remainder of the grade will be determined by a term paper. To get an A in the course it is necessary to get an A on the term paper. Students are responsible for choosing their term paper topics. A short, handwritten description of the topic is due on October 19 in class. The term paper, which is ordinarily around 15 pages in length, is due on December 7, the last day of classes. No extensions will be given. There will be no exceptions to these rules.

I. Introduction and Overview

ES, chapter 2.

II. The Demand for Labor

1. ES, chapter 3.
2. ES, chapter 4.
3. ES, chapter 5.
4. *Jeremy Bulow and Lawrence Summers, "A Theory of Dual Labor Markets with Application to Industrial Policy, Discrimination and Keynesian Unemployment," Journal of Labor Economics, July, 1986.

III. The Supply of Labor

1. ES, chapter 6.
2. ES, chapter 7.
3. Justin Lin, "Collectivization and China's Agricultural Crisis in 1959-1961," Journal of Political Economy, December, 1990.

IV. The Value of Time and Habit Formation

1. T. C. Shelling, et. al., "Time in Economic Life: A Symposium," Quarterly Journal of Economics, November, 1973.
2. Gary Becker, "Habits, Addictions and Traditions," Kyklos, No. 3, 1992.

V. Labor Markets and Wage Differentials

1. ES, chapter 8.
2. Sheldon Danziger and Peter Gottschalk, "Introduction," in Uneven Tides: Rising Inequality in America, Danziger and Gottschalk, eds.

VI. Human Capital Investment

1. ES, chapter 9.
2. William Baumol, "Entrepreneurship: Productive, Unproductive and Destructive," Journal of Political Economy, October, 1990.

VII. The Economics of Superstars

Robert Frank and Philip Cook, The Winner-Take-All Society, Penguin Books, 1995.

VIII. Intergenerational Transfers

*Donald Cox, "Motives for Private Income Transfers," Journal of Political Economy, June, 1987.

IX. Fringe Benefits and Labor Contracts

1. ES, chapter 11.
2. Edward Lazear, "Labor Economics and the Psychology of Organizations," Journal of Economic Perspectives, Spring, 1991.

Reading Schedule

<u>Date</u>	<u>Readings</u>
September 2	---
7	I
9	I, II - 1
14	II - 1
16	II - 2
21	II - 2
23	II - 3
28	II - 3
30	II - 4
October 5	II - 4
7	III - 1
12	III - 1
14	III - 2
19*	TERMPAPER TOPICS DUE
21	III - 2, 3
26	IV - 1
28*	MIDTERM EXAM
November 2	IV - 2
4	V - 1
9	V - 2
11	VI - 1

<u>Date</u>	<u>Readings</u>
November 16	VI - 2, VII
18	VII
24	VII
30	VIII
December 2	IX
7*	TERMPAPERS DUE
17*	FINAL EXAM, 12:30 – 2:30 p.m.

NOTE: Starred (*) dates will not be changed.