The objective of this course is to provide the student with a rigorous treatment of the empirical applications of economic theory to labor market problems and issues. Topics to be covered include labor market structure, labor demand, minimum wages, job search models, labor market discrimination, and unemployment. This course will emphasize computer methods and internet tools.

**Prerequisites:** Econ 276 or 339, Econ 361, and elementary calculus.
(Math 124, 125, or 113 are calculus pre-reqs for Econ 361)
Basic statistical methods and calculus will be used in the course.

**Notes:** Econ 482 Class Materials and Notes

Class materials and notes for this course will be available for downloading from the following website: [http://www.u.arizona.edu/~rlo/](http://www.u.arizona.edu/~rlo/). Once you have arrived at the website just click on the label “Teaching”. The website may also be accessed by following the links from the UofA website [http://www.arizona.edu](http://www.arizona.edu) to the Eller College of Management, Department of Economics. You will want to have your own portable computer storage device (i.e. a flash drive).

In addition to the two midterm exams and an optional final exam, students will be responsible for completing take-home problem sets, preparing a research proposal, writing a semester research paper, and being prepared for class discussions.

Please consult the webpage for the course to read the statement on plagiarism.

Classroom Etiquette - Please remember to turn off cell phone ringers and refrain from leaving the room and returning during class and exams.
COURSE POLICIES & REQUIREMENTS

I. Class attendance and participation

A. Excessive absences may result in an administrative drop with the grade of E.
B. Students will be called upon in class to answer questions pertaining to concepts covered in class and to take-home problem assignments.

II. Exams

A. Schedule
   1. Midterm Exam #1 - Thursday, October 9, 2008
   2. Midterm Exam #2 - Thursday, December 4, 2008
   3. Optional Final - Tuesday, December 16, 2008 (11 a.m.– 1 p.m.)

B. Optional Final - Students who wish to decline the opportunity to take the final exam must be in class on Tuesday, December 9, 2008, to fill out and sign a final exam waiver form; otherwise, the final exam is mandatory.

C. Missed exams
   1. Exams will be given during scheduled class hours, thus there should be no excuse for missing them.
   2. Failure to show for an exam will result in a score of zero for that exam.

D. All exams will be closed book, however the use of calculators is permitted.

III. Determination of the Final Course Grade

A. Total points possible.

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<thead>
<tr>
<th></th>
<th>No Final</th>
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<tbody>
<tr>
<td>Class Participation</td>
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<tr>
<td>Research Paper Prospectus</td>
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<td>50</td>
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<tr>
<td>Research Paper</td>
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<td>100</td>
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<tr>
<td>Midterm Exam #1</td>
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<td>160</td>
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<tr>
<td>Midterm Exam #2</td>
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<td>160</td>
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<tr>
<td>(Optional) Comprehensive Final</td>
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<td>Total Points</td>
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B. Guidelines for letter grades assignments

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<thead>
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<td>C</td>
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<td>D</td>
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<td>360–401</td>
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<tr>
<td>E</td>
<td>0–299</td>
<td>0–359</td>
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IV. Research Paper Requirements

A. Students may work together in groups of 3 or less on the research proposal and paper, i.e. no more than 3 names may appear on a completed assignment.

B. Research Prospectus and take-home research method assignment

1. The research prospectus is a 3 to 5 page printed, double-spaced proposal for the empirical term research paper. Acceptable topics are those covered in the course. Please consult the course syllabus. The prospectus must contain the following:
   a. a discussion of the proposed topic of the paper
   b. the methods to be used in the empirical analysis (e.g. possible specification of the empirical model, types of calculations that will be done)
   c. identification of the data sources to be used. Attach a print out of the data or at least of a subsample. Its form should resemble the table layout format for the extra-credit assignment data set.
   d. a working bibliography of published research work in economics relevant to the topic (journal articles are important here).

2. The prospectus is due no later than Tuesday, October 7 and will not be accepted after this date.

3. A take-home problem set illustrating the empirical methods applicable to the research paper will be assigned. If turned in by Thursday, September 18 the problem set will be worth up to 15 extra credit points. If not turned in by September 18, the problem set will become part of the research prospectus assignment and will count for 30 percent of the grade on the prospectus.

C. Term Research Paper

1. The term research paper assignment requires the use of the computer in conducting a small-scale empirical study of some aspect of the topics covered in the course. This will involve statistical estimation of some equation(s) representing labor market behavior. Please familiarize yourself with the discussion of plagiarism available from the website for this course.

2. The length of the paper should be between 15 and 30 double-spaced, typewritten pages.

3. The term research paper is due no later than Monday, December 1 and will not be accepted after this date.

4. The paper must contain the following
   a. Introduction and survey of the relevant literature (published research work in economics relevant to the topic)
   b. Discussion of the model to be estimated
   c. Presentation and discussion of the empirical results
   d. Summary and conclusions
   e. Footnotes and bibliography
   f. Data appendix (computer printout of data used and equations estimated)
5. Students are free to use any statistical computer program and system that are convenient.

   a. Partial listing of available econometrics/statistical software programs suitable for this course: STATA, SAS and Excel are available at the Sands Computing Lab (McClelland 135).

   b. Instruction for the take-home extra credit assignment will be available for the STATA statistics/econometrics program. A student version of STATA is available for purchase for PC’s and MAC’s. For details go to www.stata.com.
COURSE OUTLINE AND READING LIST

I. Introduction

A. Background

Ehrenberg and Smith text: Chapter 1 and Appendix 1A
Allen, Clark Lee. Elementary Mathematics of Price Theory
Eastman, Byron D. Interpreting Mathematical Economics and Econometrics
Salvatore, Dominick. Schaum’s Outline Series: Statistics and Econometrics, Chapters 4 & 5.

B. Labor force concepts and data

Ehrenberg and Smith text: Chapter 2

II. Market structure and empirical analysis

A. Labor demand

Ehrenberg and Smith text: Chapter 3, Appendix 3A, Chapter 4 (pp. 94-108), and Chapter 5 (pp. 129-144).

B. Minimum wages

Ehrenberg and Smith text: Chapter 4 (pp. 108-116)


III. Labor compensation

A. Quasi-fixed labor costs

Ehrenberg and Smith text: Chapter 5 (pp. 144-152)

B. Employee benefits, contracts, and incentives

Ehrenberg and Smith text: Chapter 11.

IV. Labor Market Discrimination

Ehrenberg & Smith, Chapter 12.


V. Unemployment issues

A. Background

Ehrenberg and Smith text: Chapter 14

Ashenfelter, O. “What is Involuntary Unemployment?,” *Proceedings of the American Philosophical Society*, 122, No. 3 (June 1978)

B. Unemployment Insurance

C. Job Search
