The College of William and Mary  
Labor Market Policy  
Syllabus

PUBP 640  
Spring 2010  
Tues., Thurs.  
2:00 pm - 3:20 pm in Morton Hall 201  
Peter McHenry  
122 Morton Hall  
Office: (757) 221-1796  
pmchenry@wm.edu  
http://wmpeople.wm.edu/pmchenry

Course description and objectives
What were the economic arguments for and against raising the federal minimum wage last summer? Why are CEOs in the finance industry paid so much? Could lower tax rates really increase government revenue? This course uses theory and evidence from economics to answer such questions. It seeks to enhance students’ understanding of the various interactions between firms and workers. Students will learn to apply microeconomic principles to topics such as labor force participation, unemployment, immigration, determinants of earnings, education, labor unions, and labor policies such as minimum wages. Students will investigate these topics by evaluating recent economic research findings and analyzing labor market data.

Course Materials (required)
Textbook: Labor Economics by George Borjas (4th or 5th edition)  
Selected readings posted at the course Blackboard site

Determinants of the Final Grade

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<th>Component</th>
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<tr>
<td>Projects</td>
<td>50%</td>
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<td>Mid-term Exam</td>
<td>20%</td>
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<td>Final Exam</td>
<td>30%</td>
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<td>Total</td>
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Projects
Students will complete three projects. See below for brief descriptions. I will provide more details in separate documents. Projects will be evaluated for economic content and presentation style (written and verbal). Late submission earns a reduced grade.

1) Literature review of a labor economics topic. (20% of final grade.) The course outline is a list of topics in labor economics. Students will each take the lead in presenting to the class the economic literature on one of these topics when it appears on the course schedule. In the second week of class, we will decide which students will study and present on which topic and date.

The assignment has two parts: a written review of the literature and a presentation to the class. Each student is required to meet with Prof. McHenry at least one week prior to his or her presentation. At the meeting, we will discuss the student’s plan for the presentation (list of papers and general themes in the literature). The written review is due one week after the student’s presentation. Students will be graded on their preparation for the preliminary meeting and the clarity with which they interpret and communicate the economic literature.
2) Brief policy paper I. (15% of final grade. Due April 1.) Students will choose a specific labor market policy of current interest, describe it briefly, and analyze it using economics. The analysis will include the presentation and interpretation of relevant data.

3) Brief policy paper II. (15% of final grade. Due April 22.) Students will choose a different labor market policy of current interest, describe it briefly, and analyze it using economics. The analysis will include the presentation and interpretation of relevant data.

Examinations
The course includes one midterm examination (on February 23) and one final examination (on May 11). An unexcused absence from an exam results in a score of zero for that exam. Make-up exams are available for students with excused absences, which require a letter of excuse from the Dean’s office. The final exam will cover topics from the whole course.

If you have a disability that makes you eligible for accommodations on examinations, please contact the Office of Disability Services as soon as possible. They will help develop and implement a plan for examinations. If this applies to you, please begin the process well (ie, weeks) before the midterm exam.

Office Hours and Other Access to the Instructor
I will be available in my office (Morton 122) from 2 to 3 pm each Monday and from 10 to 11 am each Wednesday during the semester. Please send me e-mail if you need to schedule a meeting outside those times.

Honor Code
I encourage you to collaborate in your studies and discussion of economics this semester. However, graded writing assignments and all exam work should be completed without the aid of other students. Furthermore, students will not be allowed to refer to outside sources during exams. I consider the use of unauthorized aid on graded assignments to be a violation of the Honor Code.

More specifically, plagiarism on a writing assignment is a violation of the Honor Code. Plagiarism is presenting someone else’s words or ideas as your own. When you write a document and distribute it, you imply that its words and ideas are your own, except where explicitly noted in the text (as with citations to others’ work). Please do not plagiarize. If you have questions about plagiarism, please ask me.

More resources about plagiarism (and writing in general) are available through the Writing Resources Center (http://www.wm.edu/as/wrc/index.php).

Instructor: Peter McHenry
I was born 50 miles away into a Navy family in Norfolk, VA. I earned my BS from Vanderbilt and my PhD in economics from Yale. My research is in labor and urban economics. I have mostly studied migration behavior (of people, not birds). I also wrote a paper criticizing how colleges tout their local economic impacts. I’ve been teaching economics and statistics for 9 years.

I want you to learn a lot of economics this semester. Toward that end, I welcome your questions and comments. My contact information is on the first page.
Schedule with Assignments and Readings
   Readings other than Borjas textbook chapters are posted at Blackboard. Borjas chapter numbers refer to the 5th edition.

I. Introduction to Labor Economics Topics and This Course

1/21   Borjas Chapter 1 “Introduction to Labor Economics”

1/26   Borjas Chapter 1 Appendix “An Introduction to Regression Analysis”
       Carpenter “A Brief Exposure to Econometrics”

II. Labor Supply Decisions and Policies

1/28   Borjas Chapter 2 “Labor Supply”


III. Labor Demand Theory and Policies

2/9     Borjas Chapter 3 “Labor Demand”


IV. Labor Market Equilibrium

2/16   Borjas Chapter 4 “Labor Market Equilibrium”


2/23   MIDTERM EXAM

V. Compensating Wage Differentials

2/25   Borjas Chapter 5 “Compensating Wage Differentials”


VI. Human Capital

3/2  Borjas Chapter 6 “Human Capital”


SPRING BREAK

VII. The Wage Structure

3/16  Borjas Chapter 7 “The Wage Structure”


VIII. Labor Mobility

3/23  Borjas Chapter 8 “Labor Mobility”


IX. Discrimination
4/1  BRIEF POLICY PAPER I DUE

Borjas Chapter 9 “Labor Market Discrimination”


X. Unions

4/8  Borjas Chapter 10 “Labor Unions”


XI. Incentive Pay

4/15  Borjas Chapter 11 “Incentive Pay”


XII. Unemployment

4/22  BRIEF POLICY PAPER II DUE

Borjas Chapter 12 “Unemployment”


4/29  Final class: catch up and wrap up

5/11  FINAL EXAM