ECONOMICS OF HUMAN RESOURCES

Fall 2008
ECON 430
MW 3:00-4:15PM
POST 126
Instructor: Professor SH. Lee

Course Outline

Does college education truly increase a worker’s productivity and earnings? Should the government increase minimum wage? Are salaries of top executives too high? How does business decide how many people to employ? What determines who chooses to work, and who does not? What characteristics make it more or less likely that workers will change locations or jobs? How do nature of technology and the tastes of workers interact to generate the wage differentials? How do earnings differ among families and individuals?

Economics of Human Resources tries to answer these questions. This course aims to present an analysis of the main areas in human resources and labor economics. In particular, this course includes very close scrutiny of the most recent U.S. labor policy, trends in employment and unemployment, wages and income distribution, and labor market outcomes. Prerequisite is Econ 301.

Text

Modern Labor Economics by Ehrenberg, R.G. and Robert S. Smith (10th ed.) is required and available on the bookstore for purchase.

Grading

2 mid-term exam 40%
1 final exam 30%
6 homework and attendance 30%

There will be two midterm exams and one final exam. The mid-term exams will count for 40% and the final exam will count for 30% of the final grade. Six homework assignments and class attendance will count for 30% of the final grade. Those homework assignments are designed to help you prepare more effectively for the exams. Those homework assignments are due at the beginning of the class. Grade is based on +/- system.

Unless otherwise notified, there will be no makeup exams. You will receive grade 0.0 if you miss either the mid-term or final exam. The mid-term exams will be at our regular class time. Final exam is cumulative.
Help

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Topics

1. Overview of the Labor Market (Ch. 2)
   - Definitions
   - Demand for labor and supply of labor
   - Determination of wage

2. Demand for Labor (Ch. 3, 4, 5)
   - Short-run
   - Long-run
   - Monopsony firm’s behavior
   - Payroll tax and other policy applications
   - Wage elasticity
   - Minimum wage laws

3. Supply of Labor (Ch. 6, 7)
   - Decision to work
   - Income and substitution effects
   - Transfer payments and fixed cost
   - Household production
   - Effect of child care
   - Labor force participation patterns by age and sex

4. Investment in Human Capital (Ch. 9, 5)
   - Schooling investment model
   - Measuring returns to schooling
   - Difficulties (signaling, quality, etc.)
   - General vs. specific training

5. Worker Mobility, Unemployment, and Migration (Ch. 10, 14)
   - Migration decision (individual and family)
   - Turnover
   - Job search
   - Vacancies and unemployment

6. Wage Structure (Ch. 8, 11)
   - Compensating wage differentials
- Employee benefits
- Effort, productivity, and pay
- Efficiency wages

7. Gender and Race in Pay (Ch. 12)
   - Theories of discrimination
   - Measuring discrimination

8. Unions (Ch. 13)
   - Union structure
   - Theory of collective bargaining
   - Effects of unions