

COURSE SYLLABUS

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1. Resources

Description from Course Catalog: Analysis of labor markets, including employment and unemployment, wages and benefits, education and training, worker incentives, occupational safety, labor mobility and migration, discrimination, and labor unions. Public policy issues including minimum wages, welfare programs, and unemployment compensation.

Prerequisites: ECON 002 or 010. Experience with Excel is helpful.

Zimpleman College of Business Promises: “Our graduates will be equipped with the technical skills, business acumen, empathy, and experience necessary to innovate and lead in a globally complex, diverse, and dynamic world. They will be (1) Proficient in their fields, (2) Data-driven, strategic, and innovative problem solvers, (3) Effective communicators, (4) Socially and ethically responsible leaders, and (5) Global and multicultural citizens.” This course addresses all five Promises, but especially Promises (1), (2), and (5).

University “Engaged Citizen” Area of Inquiry: In this course, students will learn to participate effectively in the democratic process primarily through these outcomes:

2. *Establish skills, knowledge, or dispositions that lead them to be active stewards for the common good.* We all have a common interest in the functioning of the labor market because most of us are workers or dependents of workers. "Labor Economics" establishes skills and knowledge to evaluate how well the labor market and related government policies serve the common good. In particular, the course develops economic theory and data analysis to evaluate the consequences of welfare programs for the poor, taxes, affirmative action, minimum wages, immigration policy, occupational health and safety regulation, investment in education and training, policy toward unions (the Wagner Act, etc.), and unemployment insurance.

3. *Critically reflect on the social, economic, or political issues that they will face as citizens.* As citizens, we face economic issues such as poverty, immigration, health and safety on the job, income inequality, discrimination, and unemployment. All of these topics are examined critically in ECON 115. Then we critically examine public policies intended to address these issues.

and to a lesser extent through this outcome:

1. *Learn to evaluate the mix of diverse values and interests that influence democratic decision-making.*

Government policies are the outcome of democratic decision-making among people with diverse interests.

Even bad policies usually benefit someone. As we study government policies in "Labor Economics", we use economic theory and data analysis to determine who wins and who loses from each policy, and use economic welfare analysis to evaluate how much they win or lose.

Who should take this course: This course counts as an elective for the following programs:

- Economics major; Quantitative Economics major; and Economics minor
- Human Resources concentration.
- Management and Organizational Leadership major, Human Resources track.

Lectures: Tuesday and Thursday 12:30-1:45 PM in room 112 Aliber Hall.

How to contact instructor:

- Electronic mail: william.boal@drake.edu
- Office: 319 Aliber Hall
- Telephone and voice mail: 271-3129

The quickest way to reach me is by email, which I check continually throughout the day. Please do *not* send messages through Blackboard, which I check infrequently.

Office hours: Office hours are a time when you can get help with homework, ask questions about course material, and discuss your grade or anything related to this course or economics in general. Bring your slideshow handouts. My office hours this semester are **Monday, Tuesday, and Thursday, 2 to 4 PM**. If these hours are inconvenient due to schedule conflicts, please send email to schedule a special appointment and suggest some alternate times.

Resources to purchase:

- Required: George Borjas, *Labor Economics*, 9th Edition, 2024, New York: McGraw Hill Education, ISBNs: book 9781264201419, looseleaf 9781266834936, ebook 9781264648214. Used copies are acceptable. The 8th edition is acceptable. The “Connect” feature is NOT needed.
- Required: *Boal's Econ 115 Slideshow Handouts*, a course packet. Available for purchase at **TBA**. Please bring it to class every day.
- Required: A simple calculator (capable of addition, subtraction, multiplication and division) for exams. Graphing calculators, calculators with alphabetical keyboards, mobile phones, and wireless devices are NOT permitted during quizzes or exams.
- Recommended: A three-ring binder and highlighter for your course packet.

Online resources:

- A Drake email account is required for all students. Course announcements will occasionally be sent to this account, so you should check it daily. Announcements often get diverted to “Junk” or “Clutter” folders, so check them as well as your inbox.
- Homework assignments are posted on Blackboard. If you have difficulty accessing Blackboard, please contact the Drake ITS HelpDesk at 271-3001.
- Old exams are posted at wmboal.com/labor.

2. Requirements

Course grade: Each exam, problem set, and data exercise is graded on a scale from zero to 100. Your overall course score is calculated as a weighted average, using the following formula:

$$\text{SCORE} = 70\% \times \text{Avg exam score} + 10\% \times \text{Average slideshow quiz score} + 10\% \times \text{Avg problem set score} + 10\% \times \text{Avg data exercise score} - \text{Absences}$$

A SCORE of 97 or above is required for an A+, 93 for an A, 90 for an A-, 87 for a B+, 83 for a B, 80 for a B-, 77 for a C+, 73 for a C, 70 for a C-, 67 for a D+, 63 for a D, and 60 for a D-. SCORES will not be rounded before awarding letter grades. Limited extra credit work is available—see below.

Exams: There will be four in-class hour exams and a final examination. All exams are closed-book, closed-notes. Simple calculators are permitted. Graphing calculators, calculators with alphabetical keyboards, mobile phones, and wireless devices are NOT permitted. Exam seating is assigned. The nature of the course material is cumulative, so exams may contain material from previous sections of the course. The final exam counts double and is required—students who do not take the final will not pass the course.

Slideshow quizzes: These online multiple-choice quizzes cover the slideshows presented in class and are accessed from [Blackboard](#). They consist of 4-9 multiple-choice questions and are due the day after the topic is covered in class. You can take each slideshow quiz up to three times until the due date, but the questions will change. Blackboard records your maximum score.

Problem sets: Problem sets are posted on Blackboard (drake.blackboard.com) in PDF format. Print the them, complete them in pen or pencil, and submit them at class on or before the due dates listed in the schedule below.

Data exercises: Four exercises requiring the use of Microsoft Excel will be assigned. Drake students may obtain Excel for free—see <https://drake.teamdynamix.com/TDClient/2025/Portal/KB/ArticleDet?ID=28599&SIDs=10769> for instructions. Once Excel is installed on your computer, you must install an Add-In called the “Analysis Toolpak.” For instructions, go to support.office.com and search for “Analysis Toolpak.” If you are unfamiliar with Excel, please stop by my office hours for help.

Extra credit discussion questions: Optional discussion forums will be opened on Blackboard while each topic is discussed in class. Answer 4 questions on 4 different topics and get one point added to your course SCORE. Answer 8 questions on 8 different topics and get 2 points added to your course score.

Policy on late work: Early submissions are welcome but late submissions not accepted. Computer problems are *not* an acceptable excuse for late assignments.

Policy on absences: Attendance is taken at every class. Students may miss up to three classes for any reason without penalty (except when exams are given). Thereafter, one point will be deducted from the course SCORE for each absence. Athletic team trips, documented by a sheet from the Director of Athletics, will not be counted as absences.

Policy on rescheduling exams: If your own medical emergency, or a serious illness or death in your family requires you to miss an exam, you may be given a makeup exam. However, you must inform me of the emergency before the exam (e.g., by phone or email) and soon afterward submit a written explanation (including date of absence and documentation).

Certain other circumstances are acceptable reasons for rescheduling an exam. These include religious observance, medical appointment, interview trip, and athletic team trip. Because these circumstances can be anticipated, you must send me an email request to reschedule, with an explanation, at least one week before the date of the exam.

Unacceptable reasons include family vacation, ride leaving early for break, early plane flight, overslept, etc.

Policy on grade corrections: Accurate grading is important. If you find an error, please let me know as soon as possible. The deadline for regrading homework, problem sets, or midterm exams is the day of the final exam.

Policy on computers and phones in class: Computers, tablets, and phones must be turned off during class unless I specifically announce otherwise.

Disability accommodation: Any student who has a disability that substantially limits their ability to perform in this course under normal circumstances should contact Student Disability Services, 271-1835, to request accommodation. Any request must be received from Student Disability Services at least one week before the necessary accommodation. All relevant information will be kept strictly confidential.

How to succeed in this course:

- Attend every class.
- Work assignments sets carefully. They are designed to help you prepare for exams, which count for most of the course grade. If you simply copy other students' answers, you will not be prepared for exams.
- Further prepare for exams by working old exams, posted at wmboal.com/labor. Don't look at the answer key until **after** you have solved each problem, or you will become overconfident.
- If you are doing all this and still having trouble, please ask for help. Talk to me after class, send email to william.boal@drake.edu, or just drop by during my office hours. I am eager to help!

Policy on academic integrity: The Zimpleman College of Business’s Academic Integrity Policy (<https://www.drake.edu/zimpleman/about/policies/>) applies to this course. The consequences of violating this policy vary, depending on my evaluation of the severity of the dishonesty. A violation (such as cheating, plagiarism, or fabrication) can result in a grade of zero on the test or assignment, an F for the course grade, or even expulsion from the University. Please read the policy and ask for clarification if necessary.

3. Schedule

If bad weather or an epidemic closes campus, most likely we will have class online using Blackboard Collaborate. Textbook should be read before class.

Part 1: Labor Supply and Demand

Big ideas: Employment and wages are determined in markets where workers are suppliers and employers are demanders.

A. Introduction [Jan 30, Feb 1]

- Read Borjas chapter 1 including appendix, and chapter 2 through section 2-1.
- Slideshow handouts: *Labor markets. Elasticities of labor supply and demand. Economic models and policy decisions. Regression analysis. Measuring the labor force.*
- Do Slideshow Quiz on Blackboard by Feb 2.
- Problem set due Feb 6.

B. Labor supply theory [Feb 6, 8]

- Read Borjas remainder of chapter 2, sections 2-2 through 2-8.
- Slideshow handouts: *Trends in labor supply. Preferences. The budget constraint. Optimal choice. Changes in nonlabor income. Changes in the wage. Labor supply curves.*
- Do Slideshow Quiz on Blackboard by Feb 9.
- Problem set due Feb 13.

C. Labor supply applications [Feb 13, 15]

- Read Borjas remainder of chapter 2, section 2-9 to the end.
- Slideshow handouts: *Elasticities of individual labor supply. Household specialization. Fertility. Welfare programs. The Earned Income Tax Credit. Life cycle labor supply. Decline in labor force participation of older men.*
- Do Slideshow Quiz on Blackboard by Feb 16.
- Problem set due Feb 20.

D. Labor demand [Feb 20, Feb 22, Feb 27]

- Read Borjas chapter 3.
- Slideshow handouts: *Production. Demand for labor in the short run. Producing output at minimum cost in the long run. Affirmative Action and production costs. Demand for labor in the long run. Elasticity of labor demand. Input demand with more than two inputs. Effects of minimum wages. Demand for workers versus demand for hours. Adjustment of employment.*
- Do Slideshow Quiz on Blackboard by Feb 28.
- No problem set. Instead, study for exam.
- Data exercise 1 due Mar 5 (see Blackboard).

First exam [Feb 29]

- Prepare by reviewing slideshow handouts and studying old exams posted online (wmboal.com/labor).
- Bring a straightedge to this exam—a ruler or an extra pencil.
- You may use a simple calculator, but graphing calculators, calculators with alphabetical keyboards, wireless devices and mobile phones are NOT permitted.
- Exam seating is assigned, so please check the projector screen before you sit down.

Part 2: Equilibrium and Differences in Pay

Big ideas: The competitive model can be used to analyze a variety of scenarios. However, some markets show evidence of employer market power. Systematic differences in pay are largely driven by differences in conditions across jobs and differences in productivity across workers.

A. Competitive labor market equilibrium [Mar 5,7]

- Read Borjas chapter 4 through section 4-8.
- Slideshow handouts: *Equilibrium in a single labor market. Competitive equilibrium across labor markets. Payroll taxes and subsidies. Mandated benefits. Immigration and market equilibrium. Economic benefits from immigration.*
- Do Slideshow Quiz on Blackboard by Mar 8.
- Problem set due Mar 19.
- Enjoy Spring Break! [Mar 11-15]

B. Employer market power [Mar 19]

- Read Borjas chapter 4 section 4-9.
- Slideshow handouts: *Monopsony in the labor market. Welfare analysis of monopsony. Effect of minimum wage on monopsony. Detecting monopsony. Employer collusion.*
- Do Slideshow Quiz on Blackboard by Mar 20.
- Problem set due Mar 21.

C. Compensating wage differentials [Mar 21, 26]

- Read Borjas chapter 5.
- Slideshow handouts: *Compensating wage differentials. Hedonic equilibrium. Value of a statistical life. Occupational safety and health regulation. Compensating differentials for risk of layoff. Compensating differentials for benefits.*
- Do Slideshow Quiz on Blackboard by Mar 27.
- Problem set due Mar 28.

D. Human capital [Mar 28, Apr 2]

- Read Borjas chapter 6, and chapter 7 through section 7-4.
- Slideshow handouts: *Education in the labor market. A simple model of the schooling decision. A general model of the schooling decision. Measuring the return to schooling. School quality and earnings. Job market signaling. On-the-job training.*
- Do Slideshow Quiz on Blackboard by Apr 3.
- No problem set. Instead, study for exam.
- Data exercise 2 due Apr 9 (see Blackboard).

Second exam [Apr 4]

- Prepare by reviewing slideshow handouts and studying old exams posted online (wmboal.com/labor).
- Bring a straightedge to this exam—a ruler or an extra pencil.
- You may use a simple calculator, but graphing calculators, calculators with alphabetical keyboards, wireless devices and mobile phones are NOT permitted.
- Exam seating is assigned, so please check the projector screen before you sit down.

Part 3: Wage Distribution, Mobility, and Discrimination

Big ideas: Earnings and wages have become more unequal in recent decades, but proposed explanations are controversial. Workers move because the benefits of moving outweigh the costs. Discrimination is real and in some ways puzzling, but economics offers several alternative explanations.

A. The wage distribution [Apr 9, 11]

- Read Borjas chapter 7 section 7-5 to the end.
- Slideshow handouts: *The distribution of income, earnings and wages. Measuring inequality. Trends and explanations of U.S. wage inequality. Superstars. Intergenerational mobility.*
- Do Slideshow Quiz on Blackboard by Apr 12.
- Problem set due Apr 16.

B. Labor mobility [Apr 16]

- Read Borjas chapter 8.
- Slideshow handouts: *The migration decision. Internal migration within the United States. History of immigration into the United States. Who immigrates into the United States? Immigrants in the U.S. labor market. Job turnover.*
- Do Slideshow Quiz on Blackboard by Apr 17.
- Problem set due Apr 18.

C. Discrimination [Apr 18]

- Read Borjas chapter 9.
- Slideshow handouts: *Evidence of discrimination. Preference-based theories of discrimination. Other economic theories of discrimination. Black-White wage ratio. Female-male wage ratio.*
- Do Slideshow Quiz on Blackboard by Apr 19.
- No problem set. Instead, study for exam.
- Data exercise 3 due Apr 25 (see Blackboard).

Third exam [Apr 23]

- Prepare by reviewing slideshow handouts and studying old exams posted online (wmboal.com/labor).
- Bring a straightedge to this exam—a ruler or an extra pencil.
- You may use a simple calculator, but graphing calculators, calculators with alphabetical keyboards, wireless devices and mobile phones are NOT permitted.
- Exam seating is assigned, so please check the projector screen before you sit down.

Part 4: Unions, Incentive Pay, and Unemployment

Big ideas: Unions were once crucial in setting pay but are less prevalent than they used to be. Incentive pay schemes are still prevalent, but sometimes have unintended consequences. Unemployment is inevitable in a dynamic economy, but perhaps can be ameliorated.

A. Labor unions [Apr 25, Apr 30]

- Read Borjas chapter 10.
- Slideshow handouts: *Labor unions in the United States. The monopoly union model. The efficient bargaining model. Strikes. Measuring the effects of unions. Occupational licensing.*
- Do Slideshow Quiz on Blackboard by May 1.
- Problem set due May 2.
- Data exercise 4 due May 7 (see Blackboard).

B. Incentive pay [May 2]

- Read Borjas chapter 11.
- Slideshow handouts: *Piece rates and time rates. Tournaments. Delayed compensation. Efficiency wages.*
- Do Slideshow Quiz on Blackboard by May 3.
- Problem set due May 7.

C. Unemployment [May 7, May 9]

- Read Borjas chapter 12.
- Slideshow handouts: *Unemployment in the United States. Types of unemployment. Unemployment dynamics. Searching for a job. Theories of cyclical unemployment. Unemployment insurance in the United States. The Phillips curve.*
- Do Slideshow Quiz on Blackboard by May 10.
- No problem set. Instead, study for final exam.

Final Exam

- The [University Registrar](#) has scheduled the final exam for this course on **Wednesday, May 15 from 2:00 to 3:50 PM** in the regular classroom. The final exam is comprehensive and includes questions from all parts of the course.
- Prepare by reviewing the hour exams you have taken already and old final exams posted online.
- Bring a straightedge to this exam—a ruler or an extra pencil.
- You may use a simple calculator, but graphing calculators, calculators with alphabetical keyboards, wireless devices and mobile phones are NOT permitted.
- Exam seating is assigned, so please check the projector screen before you sit down.

[end of syllabus]