

Reading List Fall 2007

ECON 483

Labor Economics

READING LIST

DR. LINK

I. Introduction

Look at the chapters on production from any intermediate price theory text.

II. Labor Demand

A. The firm's demand for labor and the employment decision: one variable input.

1. The firm's demand for labor with one variable input in a competitive market structure in output and input markets.

McConnell and Brue pp. 126-134

Course material pp. 3-22

2. The firm's demand for labor with one variable input when monopoly prevails in the output market but competition prevails in the input markets.

McConnell and Brue pp. 134-137, 179-180

Course material pp. 23-24

3. The firm's demand for labor with one variable input when monopoly prevails in the input market but competition prevails in the output markets (i.e. monopsony)

McConnell and Brue pp. 181-185

Course material pp. 25-30

B. Wage determination in a competitive & monopoly framework

McConnell and Brue pp. 141-144; 150-152, 154, 169-174

C. The firm's demand for labor: multiple variable inputs

McConnell and Brue pp. 137-141

Course material pp. 127-130

D. Elasticities of demand for labor

1. Own-wage elasticities

McConnell and Brue pp. 144-150

Course material pp. 31-34, 47

2. Cross-wage elasticities

McConnell and Brue pp. 141-143

Course material pp. 35-47 [You will be expected to be able to work examples on pp. 41-47]

III. Applications of the Theory of Labor Demand

A. The minimum wage:

McConnell and Brue pp. 395-402

Course material pp. 51-60

Handouts

B. Incidence of the payroll tax and income tax:

McConnell and Brue pp. 379-383, 387

Course material pp. 49, 61-74

Handouts

C. The effects of tariffs on employment and the demand for labor.

McConnell and Brue pp. 412-417

Course material pp. 75-78

Handouts

D. The effects of technology on employment

Handouts

E. The Baseball Players Labor Market:

Gerald Scully, "Pay and Performance in Major League Baseball,"

American Economic Review 1974. (Article to be handed out in class)

\*\*Lawrence Kahn, "The Sports Business as a Labor Market Laboratory,"

Journal of Economic Perspectives, vol. 14, no. 3, summer 2000, pp.75-94.

(This article is optional and the journal is available on line at the library. Go get it and print it out.)

Course material pp. 131 - 140

Handouts

IV. Human Capital Theory

(An extension of the theory of demand)

A. Key non-wage labor costs and their impact on overtime hours:

B. Firm's investments (in formal and informal training) and the demand for labor.

1. The concepts of present values and internal rates of return

Course material pp. 79-99

2. Investments in On the Job Training

Course material 155 - 164

3. Investments in education

McConnell and Brue, pp. 86-103

(There are some really good applications in this section)

Course material pp. 141-154

Handouts

V. Supply of Labor

A. Supply of labor to the economy: The decision to work

1. The theory:

McConnell and Brue pp. 14 - 31

Review indifference curves in any Intermediate Micro (Econ 300 or 301) text.

Course material pp. 165-184

2. Application: Welfare programs, standard workday, income taxes and nurse labor supply.

McConnell and Brue pp. 31 – 50

Course material: Income replacement programs: pp. 185-186

Welfare programs: course material pp. 187-198

Nurse labor supply: course material pp. 199-202

Overtime: course material pp. 203

Income taxes: course material pp. 204-206

McConnell-Brue: pp. 383-386

Labor supply and social security: course material p. 207

**Handouts**

B. Worker Mobility: Migration, Immigration, and Turnover

McConnell and Brue pp. 276-294

Course material pp. 115-126

**Handouts**

## VI. Other Potential Topics

A. Economics of Health Care

**Handouts**

B. Factors affecting the achievement of elementary students in the U.S.

(Related to our discussion of Investments in Human Capital)

Handouts

C. Productivity:

Handouts

D. European Labor Markets versus U.S. Labor Markets

Course material pp. 101-114

Handouts

E. Inequality in Earnings:

Course material pp. 211-226