Welcome. I am Prof. Jeffrey S. Zax. This is Economics 8676, Seminar -- Labor Economics I. This class will meet on Tuesdays and Thursdays from 2:00 p.m. to 3:15 p.m. I will hold regular office hours between 3:30 p.m. and 4:30 p.m. on Tuesdays and Thursdays in my office, Economics 111. Appointments can be made for meetings at other times.

This course will explore static and dynamic models of labor demand, discrimination in the labor market, the composition of compensation, the balance between authority and participation in the workplace, the economics of unions, efficient contracts, and the macroeconomics of labor markets. Prerequisites are a previous graduate course in microeconomic theory and some previous exposure to econometric analysis.

The final examination for the course will be worth 180 points. A midterm examination will take place following section IV, on approximately 19 October. It will be worth 70 points. A paper, of approximately ten pages in length, is due on 8 December. It will be worth 100 points. I will be happy to read and comment on drafts prior to this date.

The course as a whole, then, is valued at 350 points. The score attained by each student, evaluated relative to the score that would be attained by an intelligent student of labor economics, will determine final letter grades. The tentative course schedule follows:

I. Static models of labor demand
II. Dynamic models of labor demand
III. Authority, structure and participation
IV. Labor market discrimination
V. The composition of compensation
VI. The economics of unions
VII. Efficient contracts
VIII. The macroeconomics of labor markets
IX. Wage and earnings inequality

5 lectures
3 lectures
4 lectures
3 lectures
3 lectures
4 lectures
1 lecture
4 lectures
2 lectures
I. Static labor demand

A. Demand


Hicks, John, *Theory of Wages*, Chapter 1, Appendix.


B. Substitution

1. Theoretical papers


2. Empirical papers


II. Dynamic labor demand

A. Macroeconomic considerations


B. Microeconomic considerations


III. Authority and management

A. Varieties of worker-management interaction


Doeringer, Peter B., "Internal labor markets and noncompeting groups", American
B. Structure and performance

1. Creation of value


2. Distribution of rents


IV. Labor market discrimination

A. Theoretical papers


**B. Empirical papers**


**V. The composition of compensation**

**A. Nonwage compensation**

1. **Theoretical papers**


2. **Empirical papers**


B. Compensation and incentives

1. Theoretical papers


2. Empirical papers


VI. Unions

A. Theoretical papers


Carruth, Alan A. and Andrew J. Oswald, "On union preferences and labour market


B. Empirical papers

1. Net effects


2. Behavior in the unionized sector


3. Evolution of the unionized sector


Freeman, Richard B., "Contraction and expansion: The divergence of private sector and public sector unionism in the United States", Journal of Economic
VII. Efficient contracting


VIII. The macroeconomics of labor markets

A. Labor in the macroeconomy


B. Unemployment


IX. Wage and earnings inequality


