



**Faculty of finance and business administration**

**Department of finance and business economics**

Course: (0507251) Labour economics.

Associate prof Dr. Ali Al-Qudah

**Objectives of this course.**

The main goal of the course is to realize the nature of the labour economics. and provide student with enough acknowledgment on the theory of labour supply (both static and dynamic), theories of labour demand, labour market equilibrium and the theory of compensating differences ,agency problems, human capital and education production, migration, labour market discrimination, labour unions and unemployment.

**Textbook:**

The textbook for this course is Labour Economics, , 5<sup>th</sup> edition. by George, J. Borjas.

**Course outline:**

**CH1: Introduction.**

- a-Why we study labor economics?
- b-What does labour economics study?

**CH2:Labour supply.**

- a-Introduction to Labor Supply.
- b- Measuring the Labor Force.
- c- Worker Performance.
- d-Indifference curves
- e-The hours of work decision
- f-Income effect and substitution effect.

**CH3: Topics in labor supply.**

- a.Labor supply over life cycle.
- b-Labor supply over the business cycle.
- c-Retirement.
- d-Effect of an increase in the wage on the retirement decision.
- e-Effect of an increase in pension benefits on retirement decision.
- f-The Impact of the Social Security Earnings Test on Hours of Work
- g-Increases in the Wage Rate or Household Productivity Lead to Specialization

#### **CH4: Labor demand.**

- a- The Firm's Production Function
- b- The Total Product, the Marginal Product, and the Average Product Curves
- c-Short Run Hiring Decision
- d-The Short-Run Demand Curve for Labor
- e-The Employment Decision in the Long Run
- f- Isocost and Isoquant curves

#### **CH5: Labor market equilibrium**

- a-Equilibrium in a Single Competitive Labor Market
- b- Competitive Equilibrium Across Labor Markets
- c- Wages and International Trade: NAFTA
- d-Competitive Equilibrium in Two Labor Markets Linked by Migration.
- e-Application: Payroll Taxes and Subsidies.
- f-The Impact of a Payroll Tax Assessed on Firms
- g-The Impact of a Payroll Tax Assessed on Workers
- h-Payroll Subsidies
- i-The Impact of a Mandated Benefit
- j-the impact of Immigration on native labor workers in short and long run
- k-Discriminating and nondiscriminating Monopsonist

#### **CH7: Human Capital**

- a- Education: Stylized Facts.
- b- Potential Earnings Streams Faced by a High School Graduate.
- c- The Schooling Model. The Wage-Schooling Locus
- d- Education and the Wage Gap.
- e- Schooling and Earnings When Workers Have Different Rates of Discount.
- f- Estimating the Rate of Return to Schooling

#### **CH9: Labor Mobility.**

#### **CH10. Labor market discrimination.**

- a- Race and Gender in the Labor Market
- b- The Discrimination Coefficient
- c- Employer Discrimination
- d- Profits and Discrimination
- e- The Black-White Wage Ratio in the Labor Market
- f- Determination of Black/White Wage Ratio in the Labor Market
- g- Employee Discrimination

#### **CH11. Labor Unions.**

- a-A Brief History of Unions
- b-Determinants of Union Membership
- c-The Decision to Join a Union
- d-The Demand For and Supply of Union Jobs
- e-Why has Union Membership Declined?
- f-Monopoly Unions
- g-Unions and Market Efficiency

#### **CH13- unemployment**

**Assessment and Grading:**

First Exam	20%
Second Exam	20%
Attendance and class participant	10%
<u>Final Examination</u>	<u>50%</u>
Total	100

Good Luck