



Department of Economics and Finance

ECON*3520
Labour Economics
Winter 2014



Instructor: Miana Plesca, Rm. 742, Ext. 53524
E-Mail: miplesca@uoguelph.ca
Office Hours for this class: Friday from 1:15-2:15

It is your responsibility as a student to be aware of and to abide by the University's policies regarding academic misconduct, e-mail communication, maintaining copies of out-of class assignments, what to do when you cannot meet a course requirement and the drop date for this semester. To better understand these policies, visit:

https://dev.web.uoguelph.ca/economics_d7/important-notice-about-students-responsibilities-and-university-policies

COURSE OUTLINE

COURSE DESCRIPTION:

This course introduces students to the economics of labour markets. We start by presenting the basic theoretical tools of modern labour economics built around the neo-classical model of labour supply and demand. By combining theory and empirical evidence we learn how to address issues like what makes some people earn more than others, to what extent does the investment in education pay off, what causes unemployment, what are the labour market effects of immigration, and how do unions affect wages and unemployment. We study how government policies and public institutions shape the Canadian labour market.

PREREQUISITES: Intermediate Microeconomics (ECON*2310)

REQUIRED TEXTBOOK:

D. Benjamin, M. Gunderson, C. Ridell. *Labour Market Economics*. Seventh Edition, McGraw-Hill Ryerson, 2012.

REQUIRED TOOL:

We will use Top Hat for in-class questions www.tophat.com

The price of a license is \$20 for a one semester license (regardless of how many courses you use it for) or a 5-year subscription for \$38.

The Government of Ontario requires that students be provided a no-extra-cost option for obtaining a course credit. I will purchase a limited number of licenses for students in financial need – contact me at miplesca@uoguelph.ca during the FIRST WEEK of class, if you need me to purchase a license for you.

OPTIONAL:

Student On-line Learning Centre www.mcgrawhill.ca/olc/benjamin

Select the 6th edition, then click “study plan only” and you will have an option to purchase an access code.

Or, use from Library reserve:

D. Gray. *Study Guide for Use with Labour Market Economics – Theory, Evidence and Policy in Canada*. Fifth Edition, McGraw-Hill Ryerson, 2002.

ASSESSMENT:

30%: Two in-class quizzes (15% each)

10%: Class participation (Tophat mini-quizzes)

45%: Final exam: April 7, 2014, 8:30-10:30 AM, room TBA

15%: Essay (7 to 10 pages in length)

Quizzes

There will be two in-class **quizzes** each worth 15% of the final grade. The quizzes are multiple-choice format, answered on Scantron, and will test new material (since the previous quiz). There will be **no make-ups** for the quizzes. In case you missed a quiz for valid reasons, the weight of the missed test will be re-assigned to the multiple choice portion of the final exam.

Quiz 1:	Wednesday February 5, in class	15%
Quiz 2:	Wednesday March 5, in class	15%

Participation

Starting with the second week of class (week 2) and until the penultimate week of class (week 11) I will use Top Hat to ask one question every class. There will be 10 weeks and approximately 28 classes involved. If you have 20 correct answers, this will ensure you get the maximum mark from participation. Put differently, each correct answer will give you half a mark towards the final grade, with a maximum of 10 marks overall; each wrong answer still counts, but only for a quarter mark. The questions will be related to content discussed during class.

Final

The final exam is 45% of the grade and it is a mix of multiple-choice questions, analytical problems, and short answer, policy-related questions. The final exam is cumulative. You need to have a passing grade on the final exam in order to pass the course.

Essay

You will submit one essay worth 15% of your total grade. You will be able to choose between two or three general labour topics of current public policy relevance which I will announce in class and on Courselink on February 24. The essay should address theoretical and empirical aspects of your chosen topic. You will have one month to complete the essay. The essay is due on March 24 and absolutely no extensions will be given. You can submit the essay early if you so wish. You need to hand out one printed copy in class and also submit the essay through the Turn it in portal on Courselink. You should also upload one copy onto your e-portfolio.

It is your responsibility to make sure you have no scheduling conflicts regarding test times.

WEBSITE:

Announcements and grades will be posted on the course website at Courselink.

COURSE EVALUATION: You will be asked to complete an evaluation of this course at some time during the last two weeks of the semester. The course evaluation will be in-class. The Department of Economics policy regarding the conduct and use of these evaluations will be found at

<https://www.uoguelph.ca/economics/course-evaluation>

TOPICS:

1. Introduction to Labour Market Economics Ch. 1

- QUANTITY OF LABOUR SUPPLY
2. Labour Supply: Labour Force Participation Ch. 2, 16
3. Labour Supply and Public Policy: Work Incentive Programs Ch. 3
- Labour Supply Over the Lifecycle Ch. 4

- LABOUR DEMAND
4. Labour Demand Ch. 5, 6

- LABOUR SUPPLY AND DEMAND TOGETHER
5. Labour Market Equilibrium Ch. 7

- QUALITY OF LABOUR SUPPLY
6. Human Capital Ch. 9
7. Immigration Ch. 11
8. Discrimination and Male-Female Earning Differentials Ch. 12
9. Retirement Ch. 4, 13
10. Unions Ch. 14, 15

In keeping with the University's Learning Outcomes, the Department of Economics and Finance *Learning Outcomes (skills and knowledge competencies)* for this course are:

Skills

1) Written Communication

This skill is evaluated with the essay submission.

2) Numerical Problem Solving

This skill will be utilized on computing employment and unemployment rates, and present values of different education and occupation streams. The quizzes and final will test on solving numerical problems.

3) Analytical Problem Solving

This skill will be utilized, among other, in the labour- leisure choice model and applications to government transfer programs. The quizzes and final will test on solving analytical problems.

4) Problem Solving in a Real World Context

We will use Excel to compute internal rates of return to education, and wage premia to unionization, public sector, occupation, or gender. Students will be tested on the policy implications of these findings. The essay may also draw on this skill.

5) Professional and ethical awareness and conduct

There is no extension for the essay submission. Essay submissions go through Turn it in.

Knowledge:

1) Mathematical Methodology

Among other things, we will compute internal rates of return to education, we will decompose wage differentials, and we will compute equilibrium wages and employment.

2) Statistical and Econometric Methodology

We will discuss the human capital function and ability bias, in particular with regards to returns to education. The essay submission will give extra credit for students who present their own data analysis.

3) Microeconomic Modelling

In this class we will see models of labour supply and labour demand.

4) Understanding of Specific Markets (labour market, financial markets, goods markets)

The focus of this class is on the labour market.

5) Historical and Global context (e.g., market trends, trade patterns, major economic turning points)

We will talk about the historical context when discussing unions, and to some extent female labour supply. We will mention the impact of globalization and offshoring on labour demand.

6) Economic Policy and Regulation

Every topic and issue studied in this course will have an immediate direct policy implication. In particular, all three essays must make policy recommendations. The main policy focus will be on wage differentials for immigrants, women, unionized workers, education policies and human capital, labour supply and unemployment and the business cycle.