



General Course Information

Instructor:	Louis N. Christofides
<i>Email</i>	louisc@uoguelph.ca
<i>Office Location</i>	MacKinnon 714
<i>Office Hours</i>	Monday 2:30-3:30
<i>Department/School</i>	Economics and Finance
TA	Jamie Lee, MacKinnon 736
Class Schedule:	Mon-Wed-Fri 1:30-2:20
Pre-requisites:	Intermediate Microeconomics (ECON*2310), One 2 nd year course in Statistics (see Calendar for options)
Co-requisites:	None

Course Description

Labour Economics is a major field in the discipline of Economics. As in the main core of Economics, much of it is deductive. But, in contrast with some other areas, it has a very strong inductive bent. Empirical evidence is not only used to test theories but also in an exploratory manner, often suggesting interesting new phenomena that then occupy theoretical economists who try to understand them. The course, and the textbook, reflect this mutually beneficial interaction between theoretical and empirical work and will also deal extensively with the many policy issues that are involved. The textbook is required and is on reserve in the library. It is so extensive that we will not be able to cover every topic that it touches upon. The lectures will draw from it and use the same notation to facilitate its use by students but they will be selective, self-contained and will build on previous material covered. Hence, sporadic attendance may come at a cost.

The lectures will cover material from most of the chapters listed below. Sections/chapters which will not be covered will be noted in-class en route. We will first deal with labour demand and supply and their interaction within the competitive benchmark, taking note of how policy initiatives can be analysed in this context. The rest of the course covers either embellishments of this basic approach, or phenomena, such as unions and some types of unemployment, which do not sit comfortably into the competitive paradigm.

Indicative Content

1. PRELIMINARIES

Introduction to Labour Market Economics Ch. 1

2. LABOUR SUPPLY

Labour Force Participation Ch. 2

Public Policy: Work Incentive Programs Ch. 3

Labour Supply Over the Lifecycle Ch. 4

3. LABOUR DEMAND

The Demand for Labour Ch. 5, 6

4. LABOUR SUPPLY AND DEMAND INTERACTION

Labour Market Equilibrium Ch. 7

5. RELATIVE WAGES

Compensating Wage Differentials Ch. 8

Human Capital Ch. 9

Wages Across Markets Ch. 10

Immigration Ch. 11

Discrimination and Male-Female Earning Differentials Ch. 12

Compensation Systems and Retirement Ch. 13

6. LABOUR SUPPLY AND DEMAND INTERACTION

Unions Ch. 14, 15

7. UNEMPLOYMENT

Its Meaning, Measurement, Causes and Consequences Ch. 16,17

Course Assessment

			Associated Learning Outcomes	Due Date/ location
Assessment 1:	20%	Midterm 1	Written communication, Numerical and analytical problem solving, Professional awareness and conduct	October 19, in-class
Assessment 2:	20%	Midterm 2	Written communication, Numerical and analytical problem solving, Professional awareness and conduct	November 23, in-class
Assessment 3	10%	Three quizzes	Written communication, Numerical and analytical problem solving,	October 7, November 4, December 2, in-class
Assessment 4:	50%	Final Exam	Written communication, Numerical and analytical problem solving, Professional awareness and conduct	TBA
Total	100%			

Mid-term Examinations

There will be two in-class **mid-term examinations** each worth 20% of the final grade. Both will contain questions in multiple-choice format as well as short questions from material covered in the lectures and the textbook. Material in the textbook which has been excluded and duly noted during the lectures will not be included in any examination. When a mid-term examination is missed for a valid reason, the weight of the missed examination will be transferred to the next mid-term or final examination. No credit can be given for illegible answers.

Three Quizzes

The first two in-class quizzes will be on specific problems that will appear in a similar form on the mid-term examinations that follow. The third quiz will be on a writing assignment that will appear in similar form on the final examination. Students who do these three quizzes will receive up to 3, 3 and 4 grades respectively out of 100 (total 10%) but the quizzes will not be returned. Students who miss any quiz will forfeit the relevant grades.

Final

The final exam is worth 50% of the final grade and it may contain a mix of multiple-choice questions, analytical problems, and short-answer questions. In addition, the final examination will require a short, concise, essay on a course topic designed to test integrating, expository and writing skills. The final exam will cover material from the entire course.

The three quizzes will prepare students for the style of questions that will appear on the formal examinations. No credit can be given for illegible answers.

Teaching and Learning Practices (as appropriate)

Lectures 3 lectures per week

Course Resources

Required Texts:

D. Benjamin, M. Gunderson, T. Lemieux, C. Riddell. *Labour Market Economics*. Seventh Edition, McGraw-Hill Ryerson, 2012. It is available on reserve in the Library.

Recommended Texts:

Student On-line Learning Centre at 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.

Sections 2 and 3 will draw on the IZA DP No. 9182, July 2015, “Whose Preferences Are Revealed in Hours of Work?” by John Pencavel, which you can Google and download free of charge.

Additional Costs: None

Course Policies

Grading Policies

University policies are available at

<https://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/c08-grds-proc.shtml>

Course Policy regarding use of electronic devices and recording of lectures

The use of telephones (smart or otherwise) and computers (laptops, notebooks, etc.) is strictly prohibited during lectures and examinations. Electronic recording of classes is expressly forbidden without consent of the instructor. When recordings are permitted, they are solely for the use of the authorized student and may not be reproduced, or transmitted to others, without the express written consent of the instructor.

University Policies

Academic Consideration

When you find yourself unable to meet an in-course requirement because of illness or compassionate reasons, please advise the course instructor in writing, with your name, id#, and e-mail contact. See the academic calendar for information on regulations and procedures for Academic Consideration at

<http://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/c08-ac.shtml>

Academic Misconduct

The University of Guelph is committed to upholding the highest standards of academic integrity and it is the responsibility of all members of the University community, faculty, staff, and students to be aware of what constitutes academic misconduct and to do as much as possible to prevent academic offences from occurring.

University of Guelph students have the responsibility of abiding by the University's policy on academic misconduct regardless of their location of study; faculty, staff and students have the responsibility of supporting an environment that discourages misconduct. Students need to remain aware that instructors have access to and the right to use electronic and other means of detection. Please note: Whether or not a student intended to commit academic misconduct is not relevant for a finding of guilt. Hurried or careless submission of assignments does not excuse students from responsibility for verifying the academic integrity of their work before submitting it. Students who are in any doubt as to whether an action on their part could be construed as an academic offence should consult with a faculty member or faculty advisor.

The Academic Misconduct Policy is detailed in the Undergraduate Calendar:

<https://www.uoguelph.ca/registrar/calendars/undergraduate/2015-2016/>

Accessibility

The University of Guelph is committed to creating a barrier-free environment. Providing services for students is a shared responsibility among students, faculty and administrators. This relationship is based on respect of individual rights, the dignity of the individual and the University community's shared commitment to an open and supportive learning environment. Students requiring service or accommodation, whether due to an identified, ongoing disability or a short-term disability should contact the Centre for Students with Disabilities as soon as possible.

For more information, contact CSD at 519-824-4120 ext. 56208 or email csd@uoguelph.ca or see the website:

<http://www.uoguelph.ca/csd/>

Course Evaluation Information

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

Drop date

The last date to drop one-semester courses, without academic penalty, is November 6, 2015. For regulations and procedures for Dropping Courses, see the Academic Calendar:

<https://www.uoguelph.ca/registrar/calendars/undergraduate/2015-2016/>

Course Learning Outcomes

Skills

- 1) *Written Communication*: This skill is evaluated with the short essay during the final examination.
- 2) *Numerical Problem Solving*: This skill will be cultivated through exposure to a variety of concepts, e.g. participation rates, employment and unemployment rates, present values of different education and occupation streams, and unexplained wage differentials between groups participating in the labour market. The quizzes and final will test numerical skills.
- 3) *Analytical Problem Solving*: This skill will be honed throughout the course as different optimising problems are considered, e.g. participation decisions and labour-leisure choices, optimal responses to the existence of government transfer programs, and optimal occupational and retirement choices. The mid-term and final examinations will test analytical skills through relevant problem solving.
- 4) *Problem Solving in a Real World Context*: The decisions described above require agents to work through and decide appropriate courses of actions in real world situations. Students will be tested on the policy implications of these findings. The short essay may also evaluate this skill.
- 5) *Professional and ethical awareness and conduct*: Professional and ethical issues, trade-offs, and behaviour are relevant to many parts of the course and will be noted in class. Professional and ethical behaviour is expected of students.

Knowledge and Understanding:

- 1) *Mathematical Methodology*: The mathematics implied in solving optimising problems will be explained throughout the course. Extensive use of algebra and diagrams will be made. The calculation of internal rates of return to education, the decomposition of wage differentials, the calculation of labour supply elasticities, and equilibrium wages and employment, all require and develop mathematical skills.
- 2) *Statistical and Econometric Methodology*: Statistical concepts such as randomness and selection are central to this course. Regression analysis is a standard research tool to which we will refer. For instance, the estimation of a human capital function combines use of all these concepts.
- 3) *Microeconomic Modelling*: In this class we will see models of labour supply and labour demand. ECON 2310 is a pre-requisite for this course and skills developed there will be relied on.
- 4) *Understanding of Specific Markets (labour market, financial markets, goods markets)*: The focus of this class is on the labour market and the actors, motivations, and decisions/actions found within it.
- 5) *Historical and Global context*: The historical and global contexts will be evident as issues relating to labour force participation by gender, education, and unemployment are discussed. Recent crises and their impact on particular regions will be noted. The impact of globalisation and 'offshoring' on labour demand in particular areas will be considered.
- 6) *Economic Policy and Regulation*: Most topics and issues studied in this course have direct policy implications. The analysis of the labour supply has implications for welfare participation. The presence of an unemployment insurance programme may modify fall-back positions in bargaining between employers and unions. Wage differentials between males and females persist, particularly at different stages of the life cycle, despite efforts to reduce them. These are but a few examples of how policy and regulation will be discussed.