

Course Outline

Department of Economics
School of Business and Economics

ECON 3600-3
Labour Economics (3,0,0)

Calendar Description

Students analyze how individuals, families, firms, and governments operate within a contemporary labour market, and the impact of labour market institutions and government policy. Topics include an overview of the labour market; labour demand and elasticities; the effect of quasi-fixed labour costs on demand; labour supply and the decision to work; labour supply and household production; compensating wage differentials and labour markets; education and training; worker mobility; pay and productivity; gender, race, and inequality in earnings; and unions and the labour market.

Educational Objectives/Outcomes

On successful completion of this course students should be able to:

1. Demonstrate an understanding of recent developments in the Canadian labour market.
2. Interpret and evaluate empirical evidence drawn from Canada and other developed countries.
3. Evaluate labour market policies pursued by government including minimum wages, education and training, unemployment, trade union power and discrimination.
4. Use the basic analytical tools employed in modern labour economics.
5. Assemble and present data on the labour market.

Prerequisites

ECON 1900

Co-requisites

Texts/Materials

R. Ehrenberg, R. Smith, and R .P. Chaykowski, Modern Labor Economics: Theory and Public Policy, Canadian Edition, Pearson Addison Wesley, 2003.

Student Evaluation

Participation	0-20%
Assignments/quizzes	0-20%
Project/term paper	0-25%
Midterm(s)	30-60%
Final exam	30-50%

Course Topics

1. Introduction
 - Labour economics: some basic concepts
 - Models and predictions of positive economics
 - Normative economics and government policy
2. Overview of the Labor Market
 - Labour market: definitions, facts and trends
 - Canadian labour market in North American context
 - How the labour market works
 - Demand for labour
 - Supply of labour
3. The Demand for Labour
 - Short-run demand for labour when both product and labour markets are competitive
 - Demand for labour in competitive markets when other inputs can be varied
 - Labour demand when the product market is not competitive
 - Monopsony in the labour market
 - Policy applications
4. Labour Demand Elasticities
 - Own-wage elasticity of demand
 - Cross-wage elasticity of demand
 - Policy applications
5. Quasi-Fixed Labour Costs and Their Effects On Demand
 - Non-wage labour costs
 - Employment/ hours trade-off
 - Firms' labour investments and the demand for labour
 - General and specific training
 - Hiring investments
6. Supply of Labour to the Economy: The Decision to Work
 - Trends in labour force participation and hours of work
 - A theory of the decision to work
 - Analysis of the labour/ leisure choice
 - Empirical findings on the income and substitution effects
 - Policy applications

7. Labour Supply: Household Production, the Family, and the Life Cycle
 - Theory of household production
 - Tripartite choice: market work, household work and leisure
 - Joint labour supply decisions within the household
 - Labour supply in recessions: the ‘discouraged’ versus the ‘additional’ worker
 - Policy applications
8. Compensating Wage Differentials and Labour Markets
 - Job matching: the role of worker preferences and information
 - Hedonic wage theory and the risk of injury
 - Hedonic wage theory and employee benefits
9. Investments in Human Capital: Education and Training
 - Human capital investments: the basic model
 - Demand for a university education
 - Education, earnings and post schooling investments in human capital
 - Is education a good investment?
10. Worker Mobility: Migration, Immigration, and Turnover
 - Determinants of worker mobility
 - Geographic mobility
 - Policy application: restricting immigration
 - Naïve views of immigration
 - Analysis of gainers and losers
 - Employee turnover and job matching
11. Pay and Productivity: Wage Determination within the Firm
 - Motivating workers
 - Productivity and the basis of yearly pay
 - Productivity and the level of pay
 - Productivity and the sequencing of pay
 - Applications of the theory
12. Gender, Race, and Inequality in Earnings
 - Measured and unmeasured sources of earnings differences
 - Theories of market discrimination
 - Programs to end discrimination
 - Measuring inequality in the distribution of earnings
 - International comparisons of changing inequality
13. Unions and The Labour Market
 - International comparisons of unionism
 - Constraints on the achievement of union objectives

- Activities and tools of collective bargaining
- Effects of union
- Evidence of union total compensation effects

14. Public Policy and Profits: Do Right to Work Laws Matter?

Methods for Prior Learning Assessment and Recognition

As per TRU policy

Attendance Requirements – Include if different from TRU Policy

As per TRU policy

Special Course Activities – Optional

Use of Technology – Optional