

University of Victoria

**ECONOMICS 370 (CRN 21023):**

Labour Economics

Prof. Herbert J. Schuetze

BEC 338

[hschuetz@uvic.ca](mailto:hschuetz@uvic.ca)

Office Hours:

Mondays 11:30-12:30

or by appointment

*We acknowledge with respect the Lekwungen peoples on whose traditional territory the University of Victoria stands, and the Songhees, Esquimalt and WSÁNEĆ peoples whose historical relationships with the land continue to this day.*

**OBJECTIVES:**

This course provides a general introduction to labour economics. We will begin by developing an understanding of the neoclassical models of labour supply, demand and their interaction. Weaknesses of these models in terms of their ability to describe labour market outcomes will be examined. Students will be presented with extensions to and departures from the basic model with a focus on understanding wage and employment outcomes in the labour market. Throughout the course current issues relevant to the Canadian labour market will be discussed. In addition to examining models of the labour market we will also discuss empirical evidence regarding the predictive powers of these models.

**EVALUATION:**

Evaluation in this course will consist of **two** in-class exams, and a comprehensive final exam. Exams will be held according to the schedule listed below. The determination of your final grade for the course will be based on the two term tests each accounting for **25%** and the remaining **50%** will be allocated to the final exam. All exams are required to pass the course.

EXAM SCHEDULE

Term Test #1: Thursday, February 6<sup>th</sup>

Term Test #2: Thursday, March 13<sup>th</sup>

Final Exam: Scheduled by the Registrar

## PROBLEM SETS

A series of problem sets will be distributed throughout the term. While these will not be graded, you are encouraged to work through them to gauge your understanding of the material.

## GRADES

Course letter grade - numerical score (%) equivalencies used at UVic are as follows:

A+	A	A-	B+	B	B-	C+	C	D	F
90-100	85-89	80-84	77-79	73-76	70-72	65-69	60-64	50-59	0-49

Note: E grades will not be assigned in this course. A mark below 50% will result in an F.

## **TEXTBOOK**

The primary textbook for this course is Labour Market Economics, 9th edition, by Benjamin, Gunderson, Lemieux, Riddell and Schirle. In addition, journal articles will be used to supplement the text.

## **BRIGHTSPACE**

*Brightspace* is used extensively for the course. All students are expected to be fully functional with the system. I will be using Brightspace to deliver most of the material for the course. This includes, Syllabus and course information, problem sets, lecture slides, and some recorded lectures.

## **LECTURE TOPICS AND READING**

\*\* I reserve the right to add/delete topics as the course moves along \*\*

### Topic

### Readings

#### **1. Introduction**

Chapter 1 + appendix

#### **2. Labour Supply**

##### I. Labour Supply and Population

[A1]

##### II. Theory

##### a. Basic Income-Leisure Choice Model

Chapter 2 + appendix, [A2 and A3]

- b. Fixed Hours Constraints pp. 63-69
- c. The Participation Decision pp. 53-55

### III. Applications

- a. Social Programs Chapter 3, [A4]
- b. Labour Supply Over the Life-Cycle Chapter 4, [A5]

## 3. Labour Demand

### I. Theory

- a. Short-Run Demand Chapter 5 pp. 138-143, Ch. 7 200-207, [A6]
- b. Long-Run Demand Chapter 5 pp. 143-156
- c. Trade Chapter 5 pp. 157-166

### II. Applications

- a. Minimum wages Chapter 7 pp. 207-216, [A7 and A8]
- b. Hours v.s. Employment Chapter 6, [A9]

## 4. Wages and Wage Structure

- I. A Single Labour Market Chapter 7 (remainder)
- II. Optimal Compensation Systems Chapter 13
- III. Compensating Differentials Chapter 8, [A10]
- IV. Human Capital Theory Chapter 9

## Additional Readings

[A1] Milan, A., "Fertility: Overview 2008," Statistics Canada Cat. #91-209-X Report on the Demographic Situation in Canada, 2011

[A2] Mincer, Jacob, "Labor Force Participation of Married Women: A Study of Labor Supply," [Humphries, Jane](#), ed. Gender and economics., vol. 45. Aldershot, U.K.: Elgar; distributed in the U.S. by Ashgate, Brookfield, Vt., 1995, pages 317-49. Previously published: [1974].

[A3] Oettinger, Gerald S., "An Empirical Analysis of the Daily Labor Supply of Stadium Vendors," *Journal of Political Economy*, 1999, Vol. 107, no. 2, pp. 360-392

[A4] Milligan, Kevin, Michael Baker and Jonathan Gruber "Universal childcare, maternal labor supply, and family well-being" *Journal of Political Economy*, Vol. 116, No. 4, (August 2008), pp. 709-745.

[A5] Baker, Michael and Dwayne Benjamin, "How do Retirement Tests Affect the Labour Supply of Older Men?," *Journal of Public Economics*, 71, 1999, pp. 27-51.

[A6] Bruggink, Thomas H. and David R. Rose, Jr., "Financial Restraint in the Free Agent Labor Market for Major League Baseball: Players Look at Strike Three," *Southern Economic Journal*, April 1990, pp. 1029 - 1043.

[A7] Neumark, David and William Wascher, "Minimum Wages and Employment," IZA working paper No. 2570, January 2007.

[A8] Card, David and Alan B. Krueger, "Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania," *American Economic Review*, September 1994, pp. 772 - 793.

[A9] Montgomery, Mark and James Cosgrove, "The Effect of Employee Benefits on the Demand for Part-time Workers," *Industrial & Labor Relations Review*, October 1993, pp. 87 - 98.

[A10] Viscusi, W. Kip, "The Value of Risks to Life and Health," *Journal of Economic Literature*, Vol XXXI, December 1993, pp. 1912-1946.

[A11] Weiss, Andrew, "Human Capital vs. Signalling Explanations of Wages," *Journal of Economic Perspectives*, Fall 1995, pp. 133 - 154.

## **COURSE POLICIES**

**Academic Integrity:** Academic integrity requires commitment to the values of honesty, trust, fairness, respect, and responsibility. Students are expected to observe the same standards of scholarly integrity as their academic and professional counterparts. A student who is found to have engaged in unethical academic behaviour, including the practices described in the [Policy on Academic Integrity](#) in the University Calendar, is subject to penalty by the University.

Review [What is Plagiarism](#) for the definition of plagiarism. The University reserves the right to use a plagiarism software to detect violations of academic integrity (including unauthorized use of ChatGPT and other Artificial Intelligence).

**Student Code of Conduct:** The Humanities, Science, and Social Sciences Faculties have adopted this [Student code of conduct](#). Please, review.

**Attendance:** Students are expected to attend all classes in which they are enrolled ([Attendance Policy](#)). Students who do not attend classes must not assume that they have been dropped from a course by a department or an instructor. Courses that are not formally dropped will be given a failing grade, students may be required to withdraw, and will be required to pay the tuition fee for the course.

An instructor may refuse a student admission to a lecture or laboratory because of lateness, misconduct, inattention or failure to meet the responsibilities of the course. Students who neglect their academic work, including assignments, may be refused permission to write the final examination in a course. Instructors must inform students at the beginning of term, in writing, of the minimum attendance required at lectures and in laboratories in order to qualify to write examinations.

Students who are absent because of illness, an accident or family affliction should report to their instructors upon their return to classes.

**Policy on Inclusivity and Diversity:** The University of Victoria is committed to promoting, providing and protecting a positive, supportive and safe learning and working environment for all its members.

**Examinations:** Participation in person for all scheduled examinations is mandatory. Consideration for missed examinations will be given only on the basis of documented illness, accident or family affliction, and for no other reasons. In the event of a missed final examination, students are advised to follow the procedures outlined in the [University Calendar](#).

Students are advised not to make work or travel plans until after the examination timetable has been finalized. Students who wish to finalize their travel plans at an earlier date should book flights that depart after the end of the examination period. There will be no special accommodation if travel plans conflict with the examination.

**University Policy on Human Rights, Equity and Fairness:** The University is committed to promoting, providing and protecting a positive, supportive and safe learning and working environment for all its members.  
See [General University Policies](#)

**Accessibility & Health Resources:** The University of Victoria offers a number of resources to support international students as they pursue their studies. UVic's [International Centre for Students](#) is the primary office supporting international students on campus at the university-wide level and provides various supportive program through the [UVic Global Community Initiative](#), including a Mentorship Program and Conversation Partner Program. For academic advising-related questions, students in the Economics Department are also encouraged to meet with the Economics Undergraduate

Advisor (Prof. Kenneth Stewart, [ecadvice@uvic.ca](mailto:ecadvice@uvic.ca)) as well as an academic advisor in the [Academic Advising Centre](#) early in their studies to help map out a plan to declare a major and complete university program requirements. Other resources include the [Centre for Academic Communication](#) and the [Math and Stats Assistance Centre](#). The International Student Liason in the Economics Department is Prof. Paul Schure who can help you connect with other international and domestic students in the Department. His email address is [schure@uvic.ca](mailto:schure@uvic.ca). Please, reach out if you are interested.

#### [Centre for Accessible Learning](#)

Students with diverse learning styles and needs are welcome in this course. In particular, if you have a disability/health consideration that may require accommodations, you are free to approach me; however, you must register with the [Centre for Accessible Learning](#) (CAL) for formal arrangements to be made. The CAL staff are available by appointment to assess specific needs, provide referrals and arrange appropriate accommodations. The sooner you let us know your needs the quicker we can assist you in achieving your learning goals in this course.

[Health Services](#) - University Health Services (UHS) provides a full service primary health clinic for students, and coordinates healthy student and campus initiatives.

[Support Connect](#) - a 24/7 mental health support service for students

- Toll-free (calls from North America): 1-844-773-1427
- International collect calls: 1-250-999-7621

[Counselling Services](#) - Counselling Services can help you make the most of your university experience. They offer free professional, confidential, inclusive support to currently registered UVic students.

[Elders' Voices](#) - The Office of Indigenous Academic and Community Engagement (IACE) has the privilege of assembling a group of Elders from local communities to guide students, staff, faculty and administration in Indigenous ways of knowing and being.

**Sexualized Violence Prevention & Response:** UVic takes sexualized violence seriously, and has raised the bar for what is considered acceptable behaviour. Students are encouraged to learn more about how the university defines sexualized violence and its overall approach by visiting [www.uvic.ca/svp](http://www.uvic.ca/svp) . If you or someone you know has been impacted by sexualized violence and needs information, advice, and/or support please contact the sexualized violence resource office in Equity and Human Rights (EQHR). Contact [svpcoordinator@uvic.ca](mailto:svpcoordinator@uvic.ca).