

University of Bath
Department of Economics and International Development
EC30017 Economics of Work
Fall 2007
Thanos Mergoupis

Unit Outline

Lecturer: Thanos Mergoupis

Room 3 East 4.07

Contact Hours: 10 x 2 hour lectures

Weeks 1-11:

Tuesday 4.15-6.05 1W 2.5

5 x 1 hour classes

Classes run in alternate weeks, starting with week 2

Wednesday 11.15-12.05 6E 2.1

Office Hours:

Wednesday 12.15-2.05

Thursday 10.15-11.05

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Assessment: 100% final exam

Introduction

This unit introduces a basic theoretical framework and tools for analysing labour market outcomes. Limitations and modifications of the basic framework are discussed in both theoretical and empirical contexts. The approach emphasises a critical understanding of the theory. Overall, students should gain a critical appreciation of the impact of market forces, institutions and regulations within labour markets.

Readings

The recommended textbook is:

Jacobsen J. P., and Gilbert L. Skillman. 2004. Labor Markets and Employment Relationships, Blackwell.

This text will be referred to as JS.

For further reading students may wish to use:

Cahuc, Pierre, and Andre Zylberber. 2004. *Labor Economics*, The MIT Press.

Note:

1. The lectures will mainly use JS as a starting point but will cover much material not in JS.
2. Some of the lecture material not in JS will be drawn from assigned readings. But there will be material in the lectures that will not be in any of the readings.

Students are responsible for:

1. Lecture content.
2. Lecture notes
3. Assigned readings.
4. Assigned problems.

Outline

Part I: Labour Supply and Demand

Weeks 1-5: The basic framework

Readings: JS chapters 1-4

Killingsworth, Mark, *Labor Supply*, Cambridge UP, 1983, chs. 1 and 2.

Week 6: An empirical test using the natural experiment methodology

Reading:

Card, David, and Alan B. Krueger, *Myth and Measurement*, Princeton UP, 1995, Chapter 2.

Card, David, and Alan B. Krueger. 2000. "Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania: Reply", *American Economic Review*, Vol. 90, No. 5, pp. 1397-1420

Neumark, David, and William Wascher. 2000. "Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania: Comment", *American Economic Review*, Vol. 90, No. 5, pp. 1362-1396

Part II: A Closer Look at Labour Exchange and Alternatives

Weeks 7-9: JS chapters 5-8

Bowles, Samuer. 1985. "The Production Process in a Competitive Economy; Walrasian, Neo-Hobbesian, and Marxian Models", American Economic Review, Vol. 75, No. 1, pp. 16-36.

Part III: Application: Education and Ability

Week 10: JS chapter 14

An educational charter: What your lecturer expects from you and what you should expect from you lecturer

Attendance

1. Students are strongly encouraged to attend every lecture and class.
2. In no way should attendance of the lectures be considered as a substitute of doing the readings.
3. Students should refrain from talking to each other or otherwise disturbing the course of the lecture. This is disruptive to the lecturer and to other students. Students who cause such disruption may be asked to leave the lecture room.
4. Students are encouraged to interrupt the lecture with relevant questions.

Lecture notes and other teaching material

5. Every effort is made to provide lecture notes on the unit web site before the lecture, and students are advised to print them and bring them to the lecture. The lecturer cannot guarantee however that the lecture notes will be on the unit website before every lecture. Note that lecture notes on the web may be occasionally revised.
6. Problem sets will also be posted on the unit website.
7. Answers will be provided to some assigned problems. However, for many problems no answers will be provided.
8. Although every care is taken to avoid errors, they often do creep into lecture notes and solutions. If such errors are spotted please report them to the lecturer.

Office hours

9. Office hours are made available to students for the discussion of any problems or questions arising from the unit. Because of large numbers of students, there will be no availability of the lecturer outside the office hours. To make sure that you meet the lecturer during the office hours, use the sign-up sheet on the door. Students are

therefore encouraged to seek clarifications early on during the term and avoid periods of heavy demand.

10. Students wishing to discuss assigned problems are encouraged to come to the lecturer's office hours. They are expected to have worked on the problems/questions they wish to discuss and they should bring with them and present all the relevant work.

Exams

11. Students tested in unseen exams/tests should expect to be informed of:

(a) The material covered by the exam/test. Ordinarily this includes (i) lecture content; (ii) lecture notes; (iii) assigned readings; (iv) assigned problems.

(b) The format of the exam/test. This means: (i) the number of sections and/or questions of the exam/test, and number expected to complete; (ii) the format of the questions, i.e. true or false, multiple choice, or full answers.

This implies that absolutely no information will be given on the content of the exam/test. In particular, no information will be given on whether questions would require a quantitative or a verbal answer, on whether questions will cover more than one section of the unit, etc.

Exams from previous years

12. Students may choose to work on questions from previous years' exams/tests (in addition to those assigned as part of the assigned problems) for practice purposes and using their own judgment as to their relevance for the current unit. The lecturer may provide some solutions to them. However, neither the content nor the difficulty of previous years' exam questions would in any way indicate the content or the difficulty of current year's exams.

Assessment procedures in other units

13. Assessment procedures in other units may differ from assessment procedures in this unit in a number of ways. For example, in terms of (i) the weights of assessed components; (ii) information given in relation to the exam; (iii) uses and relevance of previous years' exams, etc. Note carefully that any such differences have no bearing whatsoever on the assessment procedures of this unit.

In relation to this point students must understand:

The assessment rules vary depending on the subject and the content of a unit and the teaching approach of the lecturer. For example, units emphasising techniques will require a different teaching approach from units emphasising critical thinking. This in turn necessitates different assessment procedures. There are units emphasising breadth of coverage while others emphasise depth, again implying different teaching approaches and assessment methods.

General comments

14. This unit emphasises teaching particular ways of thinking about economic problems. Therefore there is little or no weight placed on obtaining a correct answer and most or all the weight placed on using the appropriate methods. There have been instances where students obtain the correct answer (strictly speaking, an answer that coincides with the correct one) using wrong methods, and as a result receive low or zero marks. Alternatively, students obtaining the wrong answer because of arithmetic mistakes but otherwise using appropriate methods, receive high or full marks.

15. Although every effort is taken to avoid mistakes and provide answers to students' questions, mistakes are unavoidable and some questions will remain unanswered. Students are encouraged to approach every part of the unit in a critical manner and pursue unanswered questions on their own. Indeed it is one of the unit's objectives to enable students to do so.