

Course: Economics of Labor Market Institutions

Semester: Summer semester 2017

Level: Bachelor Economics

Language: English

Instructor: JProf Nathanael Vellekoop, PhD

Format: Lectures with biweekly tutorials

Assessment: 90 minute exam

Contents

This course offers an introduction to modern labor market economics. On the one hand, the course offers analytical tools how to assess the efficiency of the labor market. On the other hand, the course gives an overview of “real-world” economics by showing differences in labor markets between countries. In some countries there are strict rules about the hiring and firing of workers. In some countries unions are well organized and influential, in others union membership is low. Some countries have high minimum wages, others have no minimum wage at all. Not only do institutions differ by country, the labor market outcomes in terms of unemployment, participation, job creation, wage distribution differ as well. We will study the empirical evidence, economic models and policy issues.

Topics:

1. Introduction labor markets: demand, supply and institutions
2. Minimum wages
3. Unions and collective bargaining
4. Antidiscrimination legislation
5. Regulation of working hours
6. Early retirement plans
7. Family policies
8. Education and training
9. Migration policies
10. Employment protection legislation
11. Unemployment benefits

Literature

Boeri, Tito and Jan van Ours (2013), *The Economics of Imperfect Labor Markets*, 2nd edition, Princeton University Press.

Learning goals: LGB-1

At the end of the course, the student should:

- have an overview of different labor market institutions.
- be able to understand the working and differences of different economic models explaining the same phenomenon.
- be able to apply economic theories of perfect and imperfect labor markets in order to analyze different labor market institutions.
- be able to provide economic arguments in policy debates on labor market institutions.

Course organization

1. We start lectures at 14.15 on Mondays and tutorials at 10.15 on Wednesdays.
2. I will post lecture slides on OLAT before lectures – there can be (minor) differences between the slides posted and the slides shown in class.
3. Language of instruction is in English, and English is the only language on the exam. Your command of English will not be graded, and in my experience English has not been a major issue on exams.
4. The library has a few copies of the book on shelf, and a few electronical copies. You may use the first edition of the book, but at your own risk. We will cover most of the book and I will frequently refer to the book, so it is a good idea to loan or buy the book (and to read it). Please do not ask me if I think that you can make the exam without the book – I don't know the answer to that question.
5. On OLAT you will find scanned pages of the exercise questions for the tutorials.
6. I will not post answers to the tutorial questions on OLAT. This is a deliberate attempt to encourage you to come to class, and to participate actively (prepare for class, ask questions, discuss, etc.). If you cannot make it to class, find a fellow student to copy notes.
7. Every chapter has three types of questions. The first type of questions is for review of concepts and to test comprehension. The second type is model-questions. The third type is denoted with "advanced" in the book, and we will skip those. We will do almost all model questions (type 2), and some of the first type. I will not post answers to questions we skip, but you are welcome to come to office hours and discuss them with me.
8. Office hours during the lecture cycle are every Monday before class, from 13:00-14:00 on a first-come, first-serve basis. For the office hour you do not have to make an appointment, you can walk into my office in the House of Finance, office 4.10. If you want to schedule a meeting, please send an email to vellekoop@safe.uni-frankfurt.de.
9. During the summer term of 2016 there is another course in labor economics, called "Fundamentals of Labour Economics", offered by prof. Soldani. She uses a different book, and her course has a stronger focus on microeconomic theory. We try to make the courses complementary (so you can take both), although there might be some overlap.
10. The lecture schedule and problem sets for the tutorials are on the next page.

Please note that on Wednesday June 7 we will have a lecture, not a tutorial. Also the lecture on Monday June 12 will be replaced with a tutorial on Wednesday June 14, different time and a different room.

Page numbers refer to the second edition.

Lecture 01	24 April	Chapter 1	Introduction labor markets: demand, supply and institutions
Tutorial 01	26 April		Review of concepts, Appendix 1.6
Lecture 02	08 May	Chapter 2	Minimum wages (skip sections 2.9.2 and 2.9.3)
Tutorial 02	10 May	p 27 – 28 p 58 – 59	Chapter 1: 5 / 11 / 13 Chapter 2: 4 / 6 / 11 / 12
Lecture 03	15 May	Chapter 3	Unions and collective bargaining (skip section 3.9)
Lecture 04	22 May	Chapter 4	Antidiscrimination legislation (skip section 4.9.2)
Tutorial 03	24 May	p 87 – 88 p 118 – 119	Chapter 3: 7 / 9 / 11 / 12 Chapter 4: 3 / 4 / 7 / 11
Lecture 05	29 May	Chapter 5	Regulation of working hours
Lecture 06 <i>Wednesday</i>	07 June <i>Wednesday</i>	Chapter 6	Early retirement plans (skip section 6.9)
Tutorial 04 <i>Wednesday</i> 14:15-15:45 HZ-15	14 June <i>Wednesday</i> 14:15-15:45 HZ-15	p 151 – 152 p 175 – 176	Chapter 5: 3 / 4 / 11 Chapter 6: 6 / 11 / 12
Lecture 07	19 June	Chapter 7	Family policies (skip section 7.9)
Tutorial 05	21 June	p 204 exam 2016	Chapter 7: 1 / 4 / 12 Questions 1, 2, 3, 7, 8, 9
Lecture 08	26 June	Chapter 8	Education and training (skip sections 8.9.2-4)
Lecture 09	03 July	Chapter 9	Migration policies (skip section 9.9)
Tutorial 06	05 July	p 237 – 239 exam 2016 p 271	Chapter 8: 1 / 10 / 12 Questions 5 and 6 Chapter 9: 1 / 2 / 6
Lecture 10	10 July	Chapter 10	Employment protection legislation (skip section 10.9)
Lecture 11	17 July	Chapter 11	Unemployment benefits (skip section 11.9)
Tutorial 07	19 July	p 303 – 304 p 341 – 342	Chapter 10: 4 / 8 / 11 Chapter 11: 3 / 8 / 9 / 10 / 12