

UNIVERSITY OF WATERLOO  
ECONOMICS 351: LABOUR ECONOMICS  
FALL 2018

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**Instructor:** Mikal Skuterud  
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Office hours: Fridays 12:30 – 2:00 p.m.

**Classes:** Mondays, Wednesdays, and Fridays 10:30 – 11:20 a.m.  
HH 334

**Course description:**

This course is an introductory survey of modern labour economics. It begins by developing theoretical static models of labour supply and demand. This theory is then combined to analyse equilibrium under various product and labour market structural assumptions. In conclusion, the course explores what insights this theory offers in the examination of relative wage outcomes and unemployment observed in real-world labour markets.

While not formally required, some knowledge of intermediate microeconomic theory, including indifference curves, budget constraints, isocost curves, and isoquants will prove helpful, as is knowledge of basic descriptive statistics and regression analysis. Students lacking this background are encouraged to spend extra time becoming familiar with this material, including reviewing the appendix material on consumer choice theory and regression analysis in the textbook.

**Textbook:**

Benjamin, D., M. Gunderson, T. Lemieux, and W.C. Riddell, *Labour Market Economics* (8th edition), Toronto: McGraw-Hill Ryerson, 2017.

**Evaluation:**

There will be two term tests, which will be held during the scheduled class time on **October 26** and **November 16** in HH 334. The final exam will be scheduled by the Registrar's Office. Final grades will equal the maximum of two formula grades: (i)  $0.25a + 0.25b + 0.5c$ ; and (ii)  $0.25 * \max(a, b) + 0.75c$ , where  $a$ ,  $b$ , and  $c$  are the first term test, second term test, and final exam percentage grades respectively.

The term tests will consist of a combination of true/false/explain and short answer questions. The final exam will include both of these types of questions, as well as an essay question, which will ask you to discuss a specific aspect of an empirical research paper that you have chosen from a list to be distributed midway through the term. Should you miss a term test, for any reason, a grade of zero will be assigned. Should you miss the final exam, a deferred can be written. Details on requesting a deferred exam, can be found here: <https://uwaterloo.ca/economics/undergraduate/resources-and-policies/deferred-final-exam-policy>. Note that requests

for deferred exams must be received within 48 hours of the scheduled exam time.

**Text readings:**

1. **Introduction to Labour Economics** (Chapter 1)
2. **Labour Supply**
  - (a) Individual attachment to the labour market (Chapter 2)
  - (b) Public policy and work incentive effects (Chapter 3)
  - (c) Labour supply over the life cycle (Chapter 4)
3. **Labour Demand**
  - (a) Competitive labour markets (Chapter 5)
  - (b) Non-wage benefits and quasi-fixed labour costs (Chapter 6)
4. **Labour Market Equilibrium**
  - (a) Perfect competition (Chapter 7)
  - (b) Monopoly (Chapter 7)
  - (c) Monopsony (Chapter 7)
  - (d) Trade unions (Chapter 14)
5. **Determination of Relative Wages**
  - (a) Compensating wage differentials (Chapter 8)
  - (b) Human capital theory (Chapter 9)
  - (c) Wage structure across markets (Chapter 10)
  - (d) Immigration (Chapter 11)
  - (e) Discrimination (Chapter 12)
6. **Unemployment**
  - (a) Measuring unemployment (Chapter 16)
  - (b) Causes and consequences (Chapter 17)

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**Academic Integrity:** Academic Integrity: In order to maintain a culture of academic integrity, members of the University of Waterloo are expected to promote honesty, trust, fairness, respect and responsibility. See the UWaterloo Academic Integrity webpage and the Arts Academic Integrity webpage for more information.

**Discipline:** A student is expected to know what constitutes academic integrity, to avoid committing academic offences, and to take responsibility for his/her actions. A student who is unsure whether an action constitutes an offence, or who needs help in learning how to avoid offences (e.g., plagiarism, cheating) or about rules for group work/collaboration should seek guidance from the course professor, academic advisor, or the Undergraduate Associate Dean. When misconduct has been found to have occurred, disciplinary penalties will be imposed under Policy 71 Student

Discipline. For information on categories of offenses and types of penalties, students should refer to Policy 71 – Student Discipline. For typical penalties check Guidelines for the Assessment of Penalties.

**Grievances:** A student who believes that a decision affecting some aspect of his/her university life has been unfair or unreasonable may have grounds for initiating a grievance. Read Policy 70 – Student Petitions and Grievances, Section 4. When in doubt, please be certain to contact the departments administrative assistant who will provide further assistance.

**Appeals:** A decision made or penalty imposed under Policy 70 - Student Petitions and Grievances (other than a petition) or Policy 71 – Student Discipline may be appealed if there is a ground. A student who believes he/she has a ground for an appeal should refer to Policy 72 – Student Appeals.

**Accommodation for Students with Disabilities:** Note for students with disabilities: The AccessAbility Services office, located on the first floor of the Needles Hall extension (1401), collaborates with all academic departments to arrange appropriate accommodations for students with disabilities without compromising the academic integrity of the curriculum. If you require academic accommodations to lessen the impact of your disability, please register with the AS office at the beginning of each academic term.

**Mental Health Support:** All of us need a support system. The faculty and staff in Arts encourage students to seek out mental health supports if they are needed.

On Campus:

- Counselling Services: counselling.services@uwaterloo.ca / 519-888-4567 xt 32655
- MATES: one-to-one peer support program offered by Federation of Students (FEDS) and Counselling Services
- Health Services Emergency service: located across the creek from the Student Life Centre

Off campus, 24/7:

- Good2Talk: Free confidential helpline for post-secondary students. Phone: 1-866-925-5454
- Grand River Hospital: Emergency care for mental health crisis. Phone: 519-749-433 ext. 6880
- Here 24/7: Mental Health and Crisis Service Team. Phone: 1-844-437-3247
- OK2BME: set of support services for lesbian, gay, bisexual, transgender or questioning teens in Waterloo. Phone: 519-884-0000 extension 213

Full details can be found online at the Faculty of ARTS website.

Download UWaterloo and regional mental health resources (PDF).

Download the WatSafe app to your phone to quickly access mental health support information.

**Territorial Acknowledgement:** The Department of Economics acknowledges that we are living and working on the traditional territory of the Attawandaron (also known as Neutral), Anishinaabe and Haudenosaunee peoples. The University of Waterloo is situated on the Haldimand Tract, the land promised to the Six Nations that includes six miles on each side of the Grand River.