

York University
Faculty of Liberal Arts & Professional Studies
Department of Economics
Winter 2017

Course # and Title: Econ5600, LABOR ECONOMICS

Course Webpage: moodle@yorku.ca

Course Instructor/Contact:

Name: Shin-Hwan Chiang
Office: 1060 Vari Hall
Phone: 416-736-2100 Ext. 77035
Office Hours: M, 1-3
Email: schiang@yorku.ca

LectureTime and Location:

Lecture: M, 4- 7pm, VH 1154

Course Description: This course deals with extensions of the neoclassical labour market models. Topics include human capital theory and signaling, hiring decision, wage and employment decisions, migration, and unions.

Weighting of Course:

Option 1: Paper (12-15 pages) 50% (proposal due Feb. 1)
Final exam (2 hours). 50%

Option 2: Short Note (5-page critique) 20%
Final Exmination (3 hours) 80%

Missed exams/Tests:

The deferred exam for the final exam will be granted **only for medical reasons**. In such cases students should submit a deferred exam application together with the supporting documents (attending physician's statement) to the economics department to my attention. The date and time of the deferred exam will be set at a later date.

Grading:

The grading scheme for the course conforms to the 9-point grading system used in undergraduate programs at York (e.g., A+ = 9, A = 8, B+ = 7, C+ = 5, etc.).

Important Course Information:

All students are expected to familiarize themselves with the following information, available on the Senate Committee on Curriculum & Academic Standards

webpage; <http://www.yorku.ca/secretariat/policies/index-policies.html/>

- York's Academic Honesty Policy and Procedures/Academic Integrity Website
- Ethics Review Process for research involving human participants
- Course requirement accommodation for students with disabilities, including physical, medical, systemic, learning and psychiatric disabilities
- Student Conduct Standards
- Religious Observance Accommodation

Organization of the Course (Topics):

1. Labor Supply and Demand

*[1] Killingsworth M., Labor Supply, 1980 (chapters 1 and 2).

*[2] Gronau, R., "Leisure, Home Production, and Work-- the Theory of the Allocation of Time Revisited," JPE, 1977, 1099-1123

[3] Benjamin, D., M. Gunderson, T. Lemieux, and C. Riddell, Labour Market Economics, McGraw-Hill, 2007.

*[4] Wolfstetter, E. Microeconomics, ch 5.

[5] Hamermesh, Daniel S. Labor Demand. Princeton: Princeton University Press, 1993.

2. Investment in Education/Human Capital

[6] Becker, G., Human Capital, second edition (NBER, 1975).

[7] Kessler, A. S. and C. Lulfesmann, "The Theory of Human Capital Revisited: on the Interaction of General and Specific Investments," Economic Journal, Royal Economic Society, vol. 116 (514), Oct. 2006, 903-923.

*[8] Spence, M., "Job Market Signaling," Quarterly Journal of Economics, May 1973, 355-374.

3. Wage-Productivity Profiles: General vs. Firm Specific Human Capital

*[9] Ohashi, I., "Wage Profiles, Layoffs and Specific Training," International Economic Review, 24, Feb. 1983, pp. 169-181.

*[10] Chiang, S.H. and S.C. Chiang, "General Human Capital as a Shared Investment under Asymmetric Information," Canadian Journal of Economics, 1990 (Feb.).

[10a] Chiang, S. "Redundancy Payments and Firm-Specific Training" Economica, 1991.

4. Wage Differentials

*[11] Chiang, S.H., "Wages, Cost Savings and the Growth of the Firm," Economic Journal, 96, Sept. 1986, pp. 798-808.

[12] Chiang, S.H. and M. Gort, "Personality Attributes and Optimal Hierarchical Compensation Gradients," Journal of Economic Behavior and Organization, January 1998.

5. Job Choice and Job Matching

*[13] Kanbur, S.M., "Impatience, Information and Risk Taking in a General Equilibrium Model of Occupational Choice," R.E.S., Oct. 1979, pp. 707-718.

6. Contracts

[14] Otsuka, K., H. Chuma, and Y. Hayami, "Permanent Labour and Land Tenancy Contracts in Agrarian Economies: An Integrated Analysis," Economica, Feb. 1993, 57-77

*[15] Lazer, E.P. The Personnel Economics, The MIT Press, 1998 (chs 2,3)

[16] Otsuka, K. and Y. Hayami, "Theories of Share Tenancy: A Critical Survey", Economic Development and Cultural Change, 1988, 31-68.

[16a] Hart, O. and B. Holmstrom, "The Theory of Contracts," 1985 (<https://dspace.mit.edu/bitstream/handle/1721.1/64265/theoryofcontract00hart.pdf?sequence=1>)

7. Tournaments

*[17] Lazear, E. and S. Rosen, "Rank Order Tournaments as Optimum Labor Contracts," JPE, 89, 1981, pp. 841-864.

*[18] Lazear, E.P., "Pay Equality and Industrial Politics," JPE, 97, 3, 1989.

[19] Chen, K.-P. 2003, "Sabotage in Promotion Tournament," Journal of Law, Economics and Organization, 19, 119-40.

[20] Kvaløy, Oka and T. E. Olsen, "Team Incentives in Relational Employment Contracts," Journal of Labor Economics, vol 24, no. 1, 2006, 139-69.

[21] Chiang, S-H and X. Li (2010), "Market Correlation and Property Rights," Journal of Institutional and Theoretical Economics, 166(3), 426—438.

8. Efficiency Wage

*[22] Carmichael, H.L., "Efficient Wage Models of Unemployment--One View" Economic Inquiry, 1990, pp.269-295.

9. Migration

*[23] Kwok and Leland, "The Economic Model of Brain Drain," AER, March 1982.

*[24] Chen, Chiang, and Leung, "Migration, Family and Risk Diversification," Journal of Labor Economics March 2003.

[25] Anam, M., S.H. Chiang, L. Hua, "Uncertainty and International Migration: An Option cum Portfolio Model", Journal of Labor Research, 2008.

10. Union

*[26] Booth, A. The Economics of Trade Union, Cambridge University Press, 1995. Chs 4,5.

[27] Creedy, J. and Ian M. McDonald, Models of Trade Union Behaviour: A Synthesis, Economic Record, Dec, 1991. 67 (4), 346–359.