

UNIVERSITY OF TORONTO
DEPARTMENT OF ECONOMICS

ECONOMICS 239Y1Y – 2008/09

LABOUR MARKET POLICIES

Course Description

This course is intended primarily for students in the Employment Relations programs. Application of economic analysis to current issues in labour policy: immigration, retirement, education, unemployment, earnings differentials, employment and pay equity, labour unions, minimum wage, income policies.

Course Organization

<i>Class Meetings</i>	Tuesday, 6-8pm, Room LM155
<i>Instructor</i>	Jasmin Kantarevic
<i>Office Hours</i>	Tuesday, 8-9pm, and by appointment
<i>E-mail</i>	jasmin_kantarevic@oma.org
<i>Course Web Site</i>	http://www.jasminkantarevic.com/eco239

Course Material

1. Dwayne Benjamin, Morley Gunderson, Thomas Lemieux, W. Craig Riddell, *Labour Market Economics*, McGraw-Hill, 6th edition, 2007. [required]
2. George J. Borjas, *Labor Economics*, McGraw-Hill, 4th edition, 2008. [recommended, on short-term reserve]
3. Additional readings will be posted on the course website.

Prerequisites and Exclusions

Exclusions: ECO339Y1

Prerequisite: ECO100Y1 (67%)/ECO105Y1(80%)

Prerequisites are strictly checked and enforced and must be completed before taking a course. By taking this course you acknowledge that you will be removed from the course at anytime if you do not meet all requirements set by the Department of Economics. Please talk to Ms. Robbie Innes, the Undergraduate Administrator, if you have any doubt about whether you meet the requirements.

Academic Misconduct

Students should note that copying, plagiarizing, or other forms of academic misconduct will not be tolerated. Any student caught engaging in such activities will be subject to academic discipline ranging from a mark of zero on the assignment, test or examination to dismissal from the university as outlined in the academic handbook. Any student abetting or otherwise assisting in such misconduct will also be subject to academic penalties.

Grade Allocation

	Weight	Date
Midterm 1	15 or 25	Nov 18, 2008
Midterm 2	15 or 25	Mar 24, 2008
Assignments	10	Weekly
Final	50	TBA

Midterms

The better of two midterms counts as 25, while the worse midterm counts as 15. There are no make-up midterms. If the student misses one midterm, the other midterm counts as 20 and the final counts as 70. If the student misses both midterms, the final counts as 90.

An appeal for a re-grade must be typed (on paper, not e-mail) in great detail. You must specify exactly which item you believe was marked incorrectly, what you believe was marked incorrectly, what you believe your mark on that item should be, and why. To be considered, appeals must be turned in to me within one week of the date the midterm is handed back. You will then receive a written explanation of whether your request was granted or not and why.

Assignments

There will be one assignment due each week. Three worst assignments, which may include assignments you didn't submit, will be disregarded when calculating your total mark for assignments.

Each assignment has five questions. Only one question, determined randomly, will be graded on each assignment. There is no make-up for missed assignments. You can submit only your own assignment; you cannot submit the assignment of a classmate who could not make it to the class. Your assignment will be disregarded if you do not submit it at the beginning of the class.

Course Outline: Fall Term

Date	Lecture	Readings: BGLR	Readings: Borjas	Illustrative Policy Questions
Sep 9	Introduction			
Sep 16	Evaluating Policies			
Sep 23	Labour Supply	39-54	27-42	Ontario Works , a social assistance program that provides income and employment assistance for people who are in temporary financial need. The basic financial assistance is scheduled to increase by 2 percent in fiscal year 2008/09.
Sep 30	Welfare Policies	83-92	55-60	
Oct 14	Empirical Methods	20-29, 102-110	12-20, 61-65	
Oct 21	Fertility	127-134	94-100	The Allowance for Newborn Children , a pro-natalist policy introduced in Quebec in 1988 that paid up to \$8,000 to families to have a child.
Oct 28	Retirement	134-147	78-82	Retirement earnings test , a policy that reduces pension benefits if the retiree works and receives income. The retirement test was removed from the Canada and Quebec Pension Plans in the 1970s, but still exists for the Old Age Security and Guarantee Income Security programs.
Nov 4	Labour Demand	151-169	105-127, 130-132	Employment tax credit?
Nov 11	Minimum Wages	219-222, 226-30	136-147	Minimum wage , the lowest wage rate an employer can pay an employee by law. The current general minimum wage that applies to most jobs is \$8.75 per hour. The rate is scheduled to increase to \$9.50 on March 31, 2009 and to \$10.25 on March 31, 2010.
Nov 18	Midterm			
Nov 25	Compensating Differentials	235-245	213-223, 227-230	The Occupational Health and Safety Act , which came into force on October 1, 1979. Its purpose is to protect workers against health and safety hazards on the job.
Dec 2	Education	257-267	246-261	In 2004, the Ontario government decided to freeze tuition fees for two years. Following in part the Bob Rae Report that universities retain ultimate responsibility for setting

				tuition fees as long as they meet certain requirements, the government cancelled the tuition fee freeze in 2006.
	Training			Apprenticeship Training Tax Credit , a program that was introduced in Ontario in 2004 that provides employers with up to 30 percent of salaries and wages payable to an apprentice in a qualifying skill trade such as electronic service technician, automotive painter, and pool/hot tub/spa service technician.

Course Outline: Spring Term

Date	Lecture	Readings: BGLR	Readings : Borjas	Illustrative Policy Questions
Jan 6	Immigration	333-338	181-196	Should we limit immigration to skilled workers only?
Jan 13		338-345	334-340	
Jan 20	Discrimination	358-360, 364-380	365-382	Is Pay Equity an effective way to fight discrimination?
Jan 27		380-390	385-388	
Feb 3	Unions	430-439, 448-461	415-431	Should we ban unions?
Feb 10		485-489	437-442	
Feb 24	Incentives	402-409	453-466	How should we pay doctors in Ontario?
Mar 3		412-423	469-472	
Mar 10	Unemployment	541-553	493-510	Should Employment Insurance have less stringent qualification criteria for women?
Mar 17		559-563	511-517	
Mar 24	Midterm			
Mar 31	Review Session			