

# Econ306: Labour Markets & Wages (Fall 2020)

Tuesday/Thursday, 1:05-2:25 (Online)

## Course Outline

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### Requirements

Econ 306 is designed to be taken as part of a Minor in Economics or a Major in Industrial Relations (IR). It is a required course for the latter. It may, of course, be taken as an elective even if you are not in IR. While Econ306 is eligible for credit in the Major Concentration in Economics it is recommended that the Major students take Econ 426 instead (with a prerequisite of Econ 230D1/D2). Econ 306 is **not** eligible for credit in the **Honours** Economics programme - do Econ 426 instead. Econ306 is not open to any student who has already taken Econ426. Finally, this course is not eligible for people who don't have the prerequisites of Econ208 & Econ 209, nor for people enrolled in the Centre for Continuing Education, the Faculty of Dentistry, the Faculty of Law, and the Faculty of Medicine. (See McGill Course Calendar for specifics)

### Course Readings

The required text is **Labour Market Economics (8<sup>th</sup> edition)** by Benjamin, Gunderson, Lemieux & Riddell, McGraw-Hill Ryerson (published 2017). The online eText can be 'purchased' (i.e. in effect 'rented' for 180 days at C\$59) through McGill's *Le James bookstore*: <https://lejames.ca/textbooks>. On the opening page the first box lists the semester (Fall 2020) and the second box gives a list of courses. Click on Econ 306 and it takes you there. (You will see seventeen chapters in this text, but we use only eight of them.) Please note that there may be delays in stocking the eText under current circumstance, but please be patient as you will start using it only in the 3<sup>rd</sup> week of semester (see Ragan below).

**Note:** A paperback edition can be purchased through the McGraw-Hill website (approx. C\$130), 'though I don't know the shipping costs. The 180-day eText 'rental' will, however, see you through the semester and to almost the Deferred final examination period in the first week of March 2021 should you need and quality for it.

At the beginning of the course we will also use two chapters of an introductory economics text\*\*, which will be posted on the course website (McGill's *MyCourses*). Further, your Professor retains the flexibility to add additional readings if seen as necessary or desirable, and any such references will also be posted on MyCourses.

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### Course Perspective

Introductory Economics showed wage rates determined by the demand and supply of labour. Even where that is true (and it isn't true in all cases) the 'market for labour' is very different than the market for a good like a bag of candy or a service like hairdressing, or for intermediate goods like trucks or robotic arms. Such products cannot think for themselves, cannot act in ways that conflict with the objectives of producers, cannot choose among different pay structures, are not subject to wage or social discrimination, and cannot form a unit to 'bargain' with a firm. **Workers can do all these things, and more.** By the end of this course you should be able to identify different wage structures, understand the reasons for them, and see the implications of them for firms & workers.

The wage rate (i.e. 'price' of labour) and the manner of payment can differ depending on many things other than simple 'Demand and Supply. Furthermore, institutions, practices and information within labour markets can change over time. Consider some examples which influence the wages received by workers and paid by firms.

- (a) Fifty or sixty years ago it was generally accepted as ‘normal’ and even desirable to pay women less than men for doing the same job, or to refuse to hire workers because of other personal characteristics (such as race or marital status). How much discrimination still exists? Why?
- (b) People ‘invest’ in themselves (by going to university, for example). What is the ‘return’ in higher wages and better job conditions, and does it change over time?
- (c) When firms ‘invest’ in their workers’ training, who pays and why?
- (d) Different types of firms have different pay and benefit structures, some of which reward long-term attachment to the firm while others do not. Why is this? How can the firm get rid of older workers when compulsory retirement at (say) age 65 is illegal? Why would they want to do so?
- (e) Why do workers in some types of job or firm want to unionize while others do not? What benefits do they get from unionization?
- (f) ..... and more.

**Coronavirus:** COVID-19 obviously has had substantial effects on national and international labour markets to date. I cannot speculate what will be the resulting incidence of the payment systems we study, even after treatments for the severest effects of the pandemic are developed. Regardless of incidence, however, two things are clear. First, these payment systems will still be widely used. Second, if they are adapted or if substantially different new compensation methods are developed, their formulation must understand and balance the principles and problems of objectives, incentives, efficiency, equity, measurement and administration that we will study in this course.

### Course Structure

The course is structured so that everyone in all time zones has equal access to its content. Lectures will be posted on MyCourses as PowerPoint slide shows, but with more detailed explanations than in the usual class lectures. There will be separate voiceover parts where I verbally explain the more-complicated analysis and diagrams. **I will expect you to have studied the relevant components of each show before the lecture period in which we discuss it.** The officially-scheduled lecture periods will be on Zoom, at *Tuesdays & Thursdays, 1:05 to 2:25 (Montreal time)*. They will be recorded and placed on MyCourses and accessible by any registered student at any time.

In these scheduled periods you will ask questions on anything you don’t understand, using the ‘chat’ feature in Zoom. Questions can also be asked in the “Discussions” section of MyCourses. Your fellow-students can help with an answer if they wish, but everything there will be monitored and answered by me and my Course Assistant, Mr. Sau Lai Bok. It is a **VERY** useful and important tool – **please use it!!** All questions asked and answers given can be seen by any registered student at any time. If you want to ask a question but don’t want your name to be revealed, that’s okay. “Discussions allows you to choose whether you ask the question using your own name or using ‘Anonymous’.

**SUMMARY:** There are three **very important** components.

- Study the notes on MyCourses **before** the lecture period. Attend all scheduled lectures (unless, of course, your time zone it **very** difficult to do so).
- **ASK QUESTIONS**, whether during the lecture period or using “Discussions”.
- Solidify your understanding by reading the relevant portions of the text.

All material I put on MyCourses, everything done in the recorded lecture periods, and all text pages/topics in the reading list will be eligible for examination.

## **Examinations/Evaluation/Conduct**

There will be one MidTerm examination worth 35% of the course grade and a Final worth 65%. Depending on class progress the MidTerm will be held in the 6<sup>th</sup> week of semester and will cover material done in the first 5 weeks. (The time and coverage are approximates, depending on the speed of coverage and a reasonable time for revision). There will be a 24-hour window in which to access the exam (so covering all time zones) and a time constraint on the exam once you access it. The Final will be during McGill's examination period in December, with the specific time to be set by the McGill examination office. It will cover only material that was not eligible for the MidTerm. Since the Final will cover more week's material than the MidTerm, if you (the individual) do better on the Final than on the MidTerm the weightings will be changed in your favour, from 35%/65% to 25%/75%. The Professor reserves the right to curve the Course Grades at his discretion.

If you miss the mid-term for justifiable reasons (as determined by the instructor) you have two options. You can choose between counting the December Final for 100% of the course grade or sit a midterm in McGill's Deferred Examination Period during the first few days of March 2021.

McGill University's Charter of Students' Rights specifies that students have the right to submit written exams in English or in French. Regulations require/recommend that you be reminded of the following:

*McGill University values academic integrity. Therefore all students must understand the meaning and consequences of cheating, plagiarism and other academic offences under the Code of Student Conduct and Disciplinary Procedures (see <http://www.mcgill.ca/srr/honest> for more information).....According to Senate regulations, instructors are not permitted to make special arrangements for final exams. Please consult the Calendar, section 4.7.2.1, General University Information and Regulations at [www.mcgill.ca](http://www.mcgill.ca). ..... In accord with McGill University's Charter of Students' Rights, students in this course have the right to submit in English or in French any written work that is to be graded.*

**In the event of extraordinary circumstances beyond the University's control, the content and/or evaluation scheme in this course is subject to change.**