

Econ306: Labour Markets & Wages (Fall 2023)

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. While Econ306 is eligible for credit in the Major Concentration in Economics it is recommended that the Major students take Econ 426 (with a prerequisite of Econ 230D1/D2). Econ 306 is **not** eligible for credit in the **Honours** Economics programme - do Econ 426 instead. Econ 306 may, of course, be taken as an elective even if you are not in IR.

Econ306 is **not** open to any student who has already taken Econ426. Further, 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 (9th edition)** by Benjamin, Gunderson, Lemieux, Riddell & Schirle, McGraw-Hill Ryerson (published 2021). You can get it in the form of an e-text or a more expensive bound copy. Since the course uses only eight of the chapters of the text, and not even all portions of these chapters, the online etext is adequate for this course. The text can be purchased from McGill's **Le James bookstore** using the link under "**Course Textbook**" on MyCourses.

At the start of the course, we will also use two chapters of an introductory economics text**, which will be posted on the course website (in **MyCourses**). Further, your professor retains the flexibility to add additional readings as he considers necessary or desirable, which will also be put on MyCourses.

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Course Perspective

Your Introductory Economics probably showed wage rates being determined by demand and supply in the labour market. Even where that is true (and it isn't true in all cases) the 'market for labour' is very different from the market for a good like a bag of candy or a service like hairdressing, or for tangible 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., the ‘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 influencing 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 part with older workers when compulsory retirement at (say) age 65 is illegal? Why would they want to do so? Can society prevent them doing so, and would society want to prevent it?
- (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.

Course Structure

You are encouraged to ask questions during the lecture. Questions can also be asked in the “*Discussions*” section of *MyCourses*. Your fellow students may help you with an answer, and each week the questions and answers will be monitored by your professor and/or his Teaching Assistant (**TA**) for accuracy and appropriate depth of explanation. *Discussions* is a **VERY** useful tool and I strongly encourage you to go there frequently, whether to ask your own questions or view the questions (and their answers) of your colleagues. Undoubtedly you will have questions (and if you do not it’s probably because you haven’t been studying!).

Repeat: *Discussions* is a **VERY** useful tool – **please use it!!**

SUMMARY: There are three important principles to follow to do well in this course.

- **Attend all lectures.**
- **ASK QUESTIONS**, whether during the lectures or on *Discussions*.
- **Solidify your understanding** each week by reading the relevant portions of the text (and any additional readings).

Examinations/Evaluation¹

Except for items I specifically identify as ineligible, eligible for examination will be (i) any material I put on *MyCourses*, (ii) everything done in the lectures, and (iii) all text pages/topics on the reading list.

There will be one MidTerm examination worth 30% of the course grade and a Final worth 70%. The MidTerm is expected to be in the lecture period on Thursday October 19th. This date is subject to change depending on course progress. If you miss the Midterm for justifiable reasons (*as determined solely by the Professor and subject to satisfactory evidence*) you have two options. You can choose between the December Final being 100% of your course grade or writing substitute MidTerm in McGill's Deferred Examination Period in March 2023, at a time to be determined by the Professor.

The Final examination will be written on campus in December, with time and location as determined by the University. The professor reserves the right to curve the course grades at his discretion.

Conduct

Regulations require that you be reminded of the following:

1. 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 www.mcgill.ca/students/srr/honest)
2. 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.
3. 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. (Note: Not applicable to multiple-choice exams)
4. If you think you may need special treatment because of a disability please contact the [Office for Students with Disabilities](#) (or 514-398-6009).

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

¹ McGill University's Charter of Students' Rights says students have the right to submit written exams in English or French.