



23021 Labour Economics

Session 4- 2 November 2020



Agenda

1. Exam Prep



Exam - 50%

- 2 hr exam + 10 minute reading time
- 10 Multiple Choice questions - 30%
- 7 short answer questions (3-4 sub questions) - 70%
- Some questions are essay style
- Bring:
- Scientific Calculator, multiple sheets of paper, pen, pencil, sharpener
- Hint: Short Answer questions are similar weekly problem sets
- Sample online test (UTS Online) - did you attempt it



Lecture 12 - Exam Prep

- Tutorials
- Lecture slides
- Problem sets and solutions
- Textbook
- Questions at the end of chapters in the textbook




The Supply of Labour

- Decision to work - reservation wage
- How many hours to work
- Income and substitution effect
- Labour Supply elasticity
- Policy applications:
 - Child care subsidies
 - Welfare
 - Workfare



The Demand for Labour

- Demand for labour: LR vs SR
- Substitution and scale effects of changes
- Own-price elasticity of labour demand
- Cross-price elasticity of labour demand
- Hicks-Marshall Laws
- Policy application: overtime pay premium legislation



Labour Market Equilibrium - Policy Applications

- Payroll tax and subsidies
- Minimum wage
- Monopsony



Human Capital

- Human Capital Theory - college education
- Theories of Signalling



Labour Market Discrimination

Gender, race and ethnicity in the labour markets

- Labour market discrimination
- Gender pay gap
- Market Discrimination
- Wage Discrimination - Oaxaca-Blinder decomposition



Pay and Productivity

- Employment contracts
- Incentive pay:
 - Basis of pay
 - Level of pay
 - Timing of pay



Labour mobility and Immigration

- Determinants of labour mobility:
 - Age
 - Education
 - Discount Factor
 - Risk Preference
 - Distance
 - Economic opportunities
 - Earnings distribution
- Economic Assimilation of immigrants
- Effects of immigration



Unemployment

- Types of unemployment