School of Economics and Finance

ECON 417: LABOUR MARKETS IN THE GLOBAL ECONOMY

Second Trimester 2005

COURSE OUTLINE

Lecturers:
Dr Malathi Velamuri (MV) [Course Co-ordinator] email: malathi.velamuri@vuw.ac.nz
RH314, Rutherford House, Pipitea Campus,
23 Lambton Quay, Wellington
Phone: 463-6413 (DDI) 6413 (Ext)

Dr Dave Maré (DM) email: dave.mare@motu.org.nz
Dr Steve Stillman (SS) email: stillman@motu.org.nz
Motu Economic and Public Policy Research,
Level 1, 93 Cuba St, PO Box 24390 Wellington.
Phone: 939-4250

Content:
This course provides an in-depth survey of selected topics from the labour economics literature. The emphasis will be on understanding the theoretical and empirical approaches that have been taken to understanding important labour market issues, and on key findings.

Prerequisites:
- Econ 333 – Economics of Work and Pay; or Econ 416 – Labour Markets.
- Quan 201 – Introduction to Econometrics

Timetable:
Second trimester, Fridays 3:40-6:30pm in Rutherford House G01. Sessions will be a mixture of formal lectures and group discussion.

Summary of Topics
1) Programme Evaluation [SS]: The process of evaluating the effect of active labour market programmes on participant and non-participant outcomes.

2) Inequality and Changes in the Wage Structure [MV]: Measuring inequality and understanding the causes of changes over time.
3) Household economics [MV]: Household production and decisionmaking, time use, life-cycle behaviour, and retirement.

4) Location and labour markets [DM]: Immigration, local labour markets, economic geography, neighbourhood effects and social interactions.

**Assessment:**
Class assignments and discussion: 10%

*Participation in class discussions; Oral presentation to the class of one-page summaries of selected readings;*

Presentation should explain the a) research question, b) theoretical framework, c) empirical approach (data used, models estimated), d) results and e) questions raised (for example, were a, b and c reasonable and did author interpret the results in a correct and meaningful way).

**Long Assignments**

- Three In-depth critical reviews of specific papers to be provided (15% each)

Students should: (a) summarize the article, including its motivation, theoretical framework, critical assumptions, econometric methods used and main results; (b) critically assess the contribution of the paper; including the strengths and weaknesses of the paper’s approach, appropriateness of theory, methods and data used, and whether the paper addresses an important issue and assessment of how convincing are the findings of the paper (max 2500 words).

**Two-hour final examination:** 45%

**Deadlines:**
Long Assignment Two: Critical Review on an Inequality Paper 2 Sept. 2005

Assignments handed in after the due date will incur a penalty of 1 point for every 24 hours that the assignment is overdue. (eg: for long assignments, 1 mark out of 15 will be deducted)

**Reading:**
A reading list is provided for each of the topics. Students will be expected to obtain copies of the relevant readings. For most topics, required reading will be 3 to 5 articles (in bold)

**Background textbooks and reference books:**
The following books provide survey articles or introductions to the various topics. The first two references are highly recommended.

- *Handbook of Labor Economics*. The latest volumes are volumes 3a, 3b and 3c edited by O. Ashenfelter and D. Card (North-Holland, 1999).

- The four volume set of books *Labor Economics*, edited by O.C. Ashenfelter and K.F. Hallock (Edward Elgar 1995) contains the most influential articles in the field until the mid 1990s.

All major journals regularly publish articles on labour economics. There are also specialised journals on labour economics in the VUW library. There is no textbook specifically concerned with the New Zealand labour market.
An Introduction to Programme Evaluation [SS]
8 July 2005

General Approach


Experimental Approach


Matching Estimators


Difference-in-Differences and Regression Discontinuity


Instrumental Variables

® Required reading

The Evaluation of Active Labour Market Programmes [SS]
15 July 2005

Job Training


Wage Subsidies


Others


OZ / NZ Evidence


Experimental Design


Difference-in-Differences and Regression Discontinuity


Matching Estimates


Instrumental Variables


### Inequality: Evidence from the United States [MV]


**Inequality: International Evidence [MV]**

TBA (An alternative date other than 12 August will be arranged)

This class discuss research papers studying group differences in labour market outcomes and changes in the distribution of income and earnings over time in New Zealand.

**Group differences in labour market outcomes**


**Changing income and earnings distributions**


MID TRIMESTER BREAK: No class on 19 or 26 August

Due 2 September 2005: Long Assignment Two: Critical Review on an Inequality Paper

Households and Labour Markets [MV]
2 September 2005


Household Decision-Making [MV]
9 September 2005


Other Topics in Household Economics [MV] 16 September 2005


http://gsbwww.uchicago.edu/labor/Wolfers.pdf

Geographic Mobility [DM] 23 September 2005]

Why Do People Move?


Immigration – Outcomes for Migrants


Immigration – Outcomes for Natives

Regional Mobility

Economic Geography and Local Labour Markets [DM]
30 September 2005
An Introduction to Economic Geography

Agglomeration Effects
Firm Concentration and Agglomeration


Local Labour Markets & Wage Curves


Regional Evolutions


Due 7 October 2005: Long Assignment Three: Critical Review on a Neighbourhoods Paper

Neighbourhood Effects and Social Interactions [DM]

7 October 2005

Not all listed works will be referred to in class.

Social Interactions


Neighbourhood Effects


Cutler, D. and E. Glaeser (1997), "Are Ghettos Good or Bad?", *QJE* 112 (August), 827-72.


**Classroom Peer Effects**


Faculty of Commerce and Administration Offices
Railway West Wing (RWW) - FCA Student Administration Office
The Student Administration Office is located on the ground and first floors of the Railway West Wing. The ground floor counter is the first point of contact for general enquiries and FCA forms. Student Administration Advisers are available to discuss course status and give further advice about FCA qualifications.

Easterfield (EA) - FCA/Law Kelburn Office
The Kelburn Campus Office for the Faculties of Commerce & Administration and Law is situated in the Easterfield Building - it includes the ground floor reception desk (EA005) and offices 125a to 131 (Level 1). The office, will be open from 9:00 am to 5:00 pm during Trimester 2, offers the following:

- Duty tutors for student contact and advice.
- Information concerning administrative and academic matters.
- FCA Student Administration forms (e.g. application for academic transcripts, requests for degree audit, COP requests).
- Examinations-related information during the examination period.

Please note:
There will be a Student Administration Adviser, from the RWW office, based in EA005 from Monday 27 June to Friday 1 July (9:00 am to 5:00 pm) and from Monday 4 July to Friday 22 July (11:00 am to 1:00 pm).

General University Policies and Statutes
Students should familiarise themselves with the University's policies and statutes, particularly those regarding assessment and course of study requirements, and formal academic grievance procedures.

Student Conduct and Staff Conduct
The Statute on Student Conduct together with the Policy on Staff Conduct ensure that members of the University community are able to work, learn, study and participate in the academic and social aspects of the University's life in an atmosphere of safety and respect. The Statute on Student Conduct contains information on what conduct is prohibited and what steps can be taken if there is a complaint. For queries about complaint procedures under the Statute on Student Conduct, contact the Facilitator and Disputes Advisor. This Statute is available in the Faculty Student Administration Office or on the website at: www.vuw.ac.nz/policy/StudentConduct.
The policy on Staff Conduct can be found on the VUW website at: www.vuw.ac.nz/policy/StaffConduct.

Academic Grievances
If you have any academic problems with your course you should talk to the tutor or lecturer concerned or, if you are not satisfied with the result of that meeting, see the Head of School or the Associate Dean (Students) of your Faculty. Class representatives are available to assist you with this process. If, after trying the above channels, you are still unsatisfied, formal grievance procedures can be invoked. These are set out in the Academic Grievances Policy which is published on the VUW website: www.vuw.ac.nz/policy/AcademicGrievances.
Academic Integrity and Plagiarism

Academic integrity is about honesty – put simply it means no cheating. All members of the University community are responsible for upholding academic integrity, which means staff and students are expected to behave honestly, fairly and with respect for others at all times.

Plagiarism is a form of cheating which undermines academic integrity. Plagiarism is prohibited at Victoria.

The University defines plagiarism as follows:
Plagiarism is presenting someone else’s work as if it were your own, whether you mean to or not.

‘Someone else’s work’ means anything that is not your own idea, even if it is presented in your own style. It includes material from books, journals or any other printed source, the work of other students or staff, information from the Internet, software programmes and other electronic material, designs and ideas. It also includes the organization or structuring of any such material.

Plagiarism is not worth the risk.
Any enrolled student found guilty of plagiarism will be subject to disciplinary procedures under the Statute on Student Conduct (www.vuw.ac.nz/policy/studentconduct) and may be penalized severely. Consequences of being found guilty of plagiarism can include:
- an oral or written warning
- suspension from class or university
- cancellation of your mark for an assessment or a fail grade for the course.

Find out more about plagiarism and how to avoid it, on the University’s website at: www.vuw.ac.nz/home/studying/plagiarism.html.

Students with Disabilities
The University has a policy of reasonable accommodation of the needs of students with disabilities. The policy aims to give students with disabilities an equal opportunity with all other students to demonstrate their abilities. If you have a disability, impairment or chronic medical condition (temporary, permanent or recurring) that may impact on your ability to participate, learn and/or achieve in lectures and tutorials or in meeting the course requirements, then please contact the Course Coordinator as early in the course as possible. Alternatively you may wish to approach a Student Adviser from Disability Support Services to confidentially discuss your individual needs and the options and support that are available. Disability Support Services are located on Level 1, Robert Stout Building, or phoning 463-6070, email: disability@vuw.ac.nz. The name of your School’s Disability Liaison Person can be obtained from the Administrative Assistant or the School Prospectus.

Student Support
Staff at Victoria want students' learning experiences at the University to be positive. If your academic progress is causing you concern, please contact the relevant Course Co-ordinator, or Associate Dean who will either help you directly or put you in contact with someone who can.
The Student Services Group is also available to provide a variety of support and services. Find out more at [www.vuw.ac.nz/st_services/](http://www.vuw.ac.nz/st_services/) or email [student-services@vuw.ac.nz](mailto:student-services@vuw.ac.nz).

VUWSA employs two Education Coordinators who deal with academic problems and provide support, advice and advocacy services, as well as organising class representatives and faculty delegates. The Education Office is located on the ground floor, Student Union Building, phone 463 6983 or 463 6984, email education@vuwsa.org.nz.

**Maori and Pacific Mentoring programme (Manaaki Pihipihinga)**
This is a free programme of mentoring for Maori and Pacific students doing first year courses within the Faculty of Commerce and Administration. Weekly one hour mentoring sessions: drafting and editing assignments/discussing any questions that you might have from tutorials or lectures and going over every aspect of essay writing, either in small group sessions or on a one-to-one basis.

This includes:
- A computer suite hooked up to cyber commons for students to use to produce their assignments.
- Regular skill-based workshops with a learning adviser from Student Learning Support Services.
- Networking with other Maori and Pacific support groups throughout the university.

For more information please contact:
Melissa Dunlop, Programme Coordinator
Ph: 463 6015 or Email: [Maori-Pacific-Mentoring@vuw.ac.nz](mailto:Maori-Pacific-Mentoring@vuw.ac.nz)