Department of Economics

Stockholm University

Syllabus

for course at advanced level

Labour Economics and Wage-Setting Theory
Arbetsmarknadsekonomi och lönebildningsteori

7.5 Higher Education Credits
7.5 ECTS credits

Course code:	EC7212
Valid from:	Autumn 2013
Date of approval:	2013-05-23
Department	Department of Economics
Subject	Economics
Specialisation:	A1F - Second cycle, has second-cycle course/s as entry requirements

Decision

This syllabus was approved by the Board of the Department of Economics on May 23, 2013.

Prerequisites and special admittance requirements

Admission to this course requires that the student is either (1) enrolled in a Master's Programme in Economics at Stockholm University, or (2) has (a) eligibility for the Master's Programme in Economics at Stockholm University, and (b) prerequisites equal to the mandatory courses that have been given prior to this course according to the current curriculum for the Master's Programme in Economics.

Course structure

Examination code	Name	Higher Education Credits
721A	Labour Economics and Wage-Setting Theory	7.5

Course content

The objective of the course is to give the students basic knowledge of modern labour economics and wage-setting theory. The course will teach both basic theory in the field and give an overview of basic empirical knowledge. The course should provide the students with analytical tools for analysing a number of contemporary labour market issues. These include issues of the following type: Why is unemployment so high in some European countries but much lower in others as well as in Anglo-Saxon countries? Why is working time shorter in Europe than in the US and how is employment affected by the length of working time? Why has wage inequality increased in most countries in recent years? What is the impact of technological progress and globalisation on labour markets? What contributions can labour market policies make? How is employment affected by different labour market institutions?

Learning outcomes

The course will give students basic knowledge in the following fields:

• Basic theory of labour supply

• Basic theory of labour demand

• Optimal risk sharing between employers and employees

• Monopsony and efficiency-wage models of wage determination

• Theories of trade union behaviour and collective bargaining

• Job flow models

• The interrelationship between technological progress, globalisation and wage inequality

• Labour market policies

•Employment and labour market institutions

After completing the course, students should master the basic models in these fields and be able to apply them to current policy problems. Students should have become aware of the strengths and weaknesses of different model approaches. Students should also have acquired knowledge of the main empirical results in the field and the pros and cons of different methods used.

Education

Instruction will mainly be in the form of lectures. A few seminar exercises must also be completed. The course will be taught in English.

Forms of examination

Examination consists of two parts:

• required answers to seminar exercises

• a written exam

The largest weight will be attributed to the written exam.

Grades will be set according to a 7-tier goal related scale. Passing grades include grades A, B, C, D, E, where A is the highest and E is the lowest. Failing grades include FX and F. Grade F is lower than grade FX.

Grading criteria:

E = Being able to explain the conclusions from the theoretical models used in the course and give an overview of how well they have fared in empirical testing

D = E + being able to make rigorous theoretical derivations of the models used in the course

C = D + the ability to judge the strengths and weaknesses of the various models in the course and their applicability to various problems

B = C + being able to make independent modifications of the models in the course to make them suitable for the analysis of particular problems.

A = Doing B even better!

Grade FX means that the student has acquired knowledge of only some of the theoretical models and empirical conclusions taught in the course.

F = The student does not fulfil the requirements for FX.

Interim

In the event that the course is no longer offered in the course programme, the student will have three opportunities to re-take the exam in the three semesters after the course was last given.

Required reading

See course homepage available from www.ne.su.se.