



## M.Sc. in Economics

<b>Code:</b>	017 919	<b>Type:</b>	M.Sc. 2 <sup>nd</sup> year, Fall 2011
<b>Title:</b>	Advanced Labor Economics		
<b>Lecturer:</b>	John T. Addison		
<b>ECTS:</b>	3	<b>Contact hours (per semester):</b>	20
<b>Semester:</b>	Fall 2011	<b>Frequency of the lecture:</b>	10 units
<b>Dates:</b>	September 1, 2011 until September 16, 2011		

<b>Prerequisites:</b>	
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### **Learning objectives** (What are the intended learning outcomes? Which skills will be acquired?):

The course aims to provide a mixture of general and more specific labor economics content, with the former focusing on chapter-based themes and the latter relying more on article-based topics. The unions or collective bargaining topic serves as something of a linking function. The goal is to offer a rather wide-ranging introduction to the subject in a framework that facilitates/prepares for the subsequent incorporation of further theoretical and applied work.

### **Content** (Which professional competence and which contents will be imparted?):

Provision of the building blocks essential to an understanding of, and an ability to engage in, theoretical and empirical research in labor economics.

*Labor Demand*

*Labor Supply*

*Human Capital*

*Unions*

*Codetermination at Plant Level (betriebliche Mitbestimmung)*

*Codetermination at Enterprise Level (Unternehmensmitbestimmung)*

*Minimum Wages*

*Labor Relations and Labor Market Performance*

*Employment Protection*

*Search Unemployment*

*Labor Market Policies*

## M.Sc. in Economics

### Teaching approach (Description of the learning and teaching methods):

Lectures supplemented by class discussion of lecture topics.

### Workload (Definition of workload (ECTS), divided in pre-modules (e.g. pre-readings), core-modules (contact hours), post-modules (e.g. case studies)):

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### Language of instruction (Information on the language of teaching):

English

### Obligatory literature (E.g. scripts, books, articles, cases, papers):

#### Texts:-

Ronald G. Ehrenberg and Robert S. Smith. 2009. *Modern Labor Economics – Theory and Public Policy*, 10<sup>th</sup> ed. Pearson International Edition. Boston and New York: Pearson/Addison Wesley.

Pierre Cahuc and André Zylberberg. 2004. *Labor Economics*. Cambridge, MA: The MIT Press.

John T. Addison. 2009. *The Economics of Codetermination: Some Lessons from the German Experience*. New York: Palgrave Macmillan.

#### **Labor Demand**

Ehrenberg and Smith, Chapters 3/3a-4.

Cahuc and Zylberberg, Chapter 4.

#### **Labor Supply**

Ehrenberg and Smith, Chapters 6-7.

Cahuc and Zylberberg, Chapter 1.

#### **Human Capital**

Ehrenberg and Smith, Chapter 9.

Cahuc and Zylberberg, Chapter 5.

#### **Unions**

Ehrenberg and Smith, Chapter 13.

Cahuc and Zylberberg, Chapter 7

Hirsch, Barry T. (2004). "Reconsidering Union Wage Effects: Surveying New Evidence on an Old Topic." *Journal of Labor Research* 25 (2): 233-266.

Hirsch, Barry T. (2004). "What Do Unions Do for Economic Performance?" *Journal of Labor Research* 25 (3): 415-455.

Guertzgen, Nicole. 2007. "The Effect of Firm- and Industry-Level Contracts on Wages – Evidence from Linked Employer-Employee Data." *ZEW Discussion Paper No. 06-082*. Mannheim: Center for European Economic Research/Zentrum für Europäische Wirtschaftsforschung

Dreher, Axel, and Noel Gaston. (2007). "Has Globalization Really Had No Effect on Unions?" *Kyklos* 60 (2): 165-186.

## M.Sc. in Economics

Dumont, Michel, Glenn Rayp, and Peter Willemé. (2006). "Does Internationalization Affect Union Bargaining Power? An Empirical Study for Five EU Countries." *Oxford Economic Papers* 58 (1): 77-102.

### **Codetermination at Plant Level (betriebliche Mitbestimmung)**

Addison, Chapters 3-6.

Jirjahn, Uwe. (2010). "Ökonomische Wirkungen der Mitbestimmung in Deutschland: Ein Update." Arbeitspapier 186, Hans Böckler Stiftung.

Freeman, Richard B. and Edward P. Lazear. (1995). "An Economic Analysis of Works Councils." In *Works Councils: Consultation, Representation and Cooperation in Industrial Relations*, edited by Joel Rogers and Wolfgang Streeck, pp. 27-52. Chicago, IL: University of Chicago Press.

### **Codetermination at Enterprise Level (Unternehmensmitbestimmung)**

Addison, Chapters 3, 7.

Addison, John T. and Claus Schnabel. (2011). "Worker Directors: A German Product that Didn't Export?" *Industrial Relations* 52 (April): 354-374.

Wagner, Joachim. (2011). "One-third Codetermination at Company Supervisory Boards and Firm Performance in German Manufacturing: First Direct Evidence from a New Type of Enterprise Data." *Schmollers Jahrbuch* 131 (1): 91-106. See also IZA Discussion Paper No. 4352, August 2009.

Fauver, Larry, and Michael E. Fuerst. (2006). "Does Good Corporate Governance Include Employee Representation? Evidence from German Corporate Boards." *Journal of Financial Economics* 82 (5): 673-710.

### **Minimum Wages**

Ehrenberg and Smith, Chapter 5.

Cahuc and Zylberberg, Chapter 12

Addison, John T., McKinley L. Blackburn, and Chad Cotti. (2011). "The Effects of Minimum Wages on Labor Market Outcomes: County-Level Estimates from the U.S. Restaurant and Bar Sector." *British Journal of Industrial Relations* (forthcoming). Published online at the BJIR website.

Addison, John T. and Orgul Demet Ozturk. (2010). "Minimum Wages, Labor Market Institutions, and Female Employment and Unemployment: A Cross-Country Analysis."

*IZA Discussion Paper No 5162, Bonn: Institute for the Study of Labor/Forschungsinstitut zur Zukunft der Arbeit.*

Portugal, Pedro, and Ana Rute Cardoso. (2006). "Disentangling the Minimum Wage Puzzle: An Analysis of Worker Accessions and Separations." *Journal of the European Economic Association* 4 (5): 988-1013.

Neumark, David, and William Wascher. (2007). "Minimum Wages and Employment." *IZA Discussion Paper No. 2750. Bonn: Institute for the Study of Labor/Forschungsinstitut zur Zukunft der Arbeit.*

### **Labor Relations and Labor Market Performance**

Addison, John T. and Paulino Teixeira. (2009). "Are Good Industrial Relations Good for the Economy?" *German Economic Review* 10 (3): 253-269.

Blanchard, Olivier and Thomas Philippon. (2004). "The Quality of Industrial Relations and Unemployment." NBER Working Paper No. 10590. Cambridge, MA: National Bureau of Economic Research.

### **Employment Protection**

Cahuc and Zylberberg, Chapter 12

Addison, John T. and Paulino Teixeira. (2003). "The Economics of Employment Protection." *Journal of Labor Research* 24 (1): 85-129.

Amable, Bruno, Lilas Demmou, and Donatella Gatti. 2007. "Employment Performance and Institutions: New Answers to an Old Question." *IZA Discussion Paper No. 2731. Bonn: Institute for the Study of Labor/Forschungsinstitut zur Zukunft der Arbeit.*

Belot, Michèle, and Jan C. Van Ours. 2004. "Does the Recent Success of Some OECD Countries in Lowering Their Unemployment Rates Lie in the Clever Design of Their Labor Market Reforms?" *Oxford Economic Papers* 56 (4): 621-642.



## M.Sc. in Economics

Martin, John P. and Stefano Scarpetta. 2011 "Setting It Right: Employment Protection, Labor Reallocation, and Productivity." IZA Discussion Paper No. 27. Bonn: Institute for the Study of Labor/ Forschungsinstitut zur Zukunft der Arbeit.

### **Search Unemployment**

Cahuc and Zylberberg, Chapter 3.

Addison, John T. and Pedro Portugal. (2008). "Six Ways to Leave Unemployment."

*Scottish Journal of Political Economy* 55 (4): 393-419.

Meyer, Bruce D. (1990). "Unemployment Insurance and Unemployment Spells." *Econometrica* 58 (4): 757-782.

Addison, John T., and Pedro Portugal. (2002). "Job Search Methods and Outcomes," *Oxford Economic Papers* 54 (3): 505-533.

Meyer, Bruce D. (1995). "Lessons from the U.S. Unemployment Insurance Experiments." *Journal of Economic Literature* 33 (1): 91-131.

Addison, John T., Mario Centeno, and Pedro Portugal. (2010). "Unemployment Benefits and Reservation Wages: Key Elasticities from a Stripped-Down Job Search Approach," *Economica* 77 (305): 46-59

Kiefer, Nicholas M. (1988). "Economic Duration Data and Hazard Functions." *Journal of Economic Literature* 26 (2): 646-678.

### **Labor Market Policies**

Cahuc and Zylberberg, Chapter 11.

Heckman, James J., Robert J. LaLonde, and Jeffrey A. Smith. (2005). *The Economics and Econometrics of Active Labor Market Programs*, in *Handbook of Labor Economics, Volume 3A*, edited by Orley Ashenfelter and David Card, Chapter 11 (pp. 1865-2097).

#### **Additional literature** (E.g. books, articles, cases, papers):

See material above; items in italics and smaller font.

#### **Mode of examination** (Mode of the examinations and tests (e.g. oral or written examination, lecture, homework, papers, class participation):

Final exam

#### **Grading:**

25% class participation; 75% final exam.

#### **Special features** (E.g. excursion, guest speaker):

#### **Contact information:**

#### **Office hours:**



## M.Sc. in Economics

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By appointment

### **Course website:**

<https://cecnet.tuwien.ac.at/>: