

Labour Market Economics

5th Semester optional BA Course
Autumn Term



Labour Economics

- We all allocate substantial time and energy to labour markets.
- Labour economics studies how labour markets work.
- Labour economics helps us understand and address many social and economic problems facing modern societies.



Return to Schooling

- What is the return of one additional year of schooling?
 - Or rather: should I do a Master's Degree?
- We will introduce some models that potentially answer these questions:
 - The Schooling Model
 - Schooling as a Signal

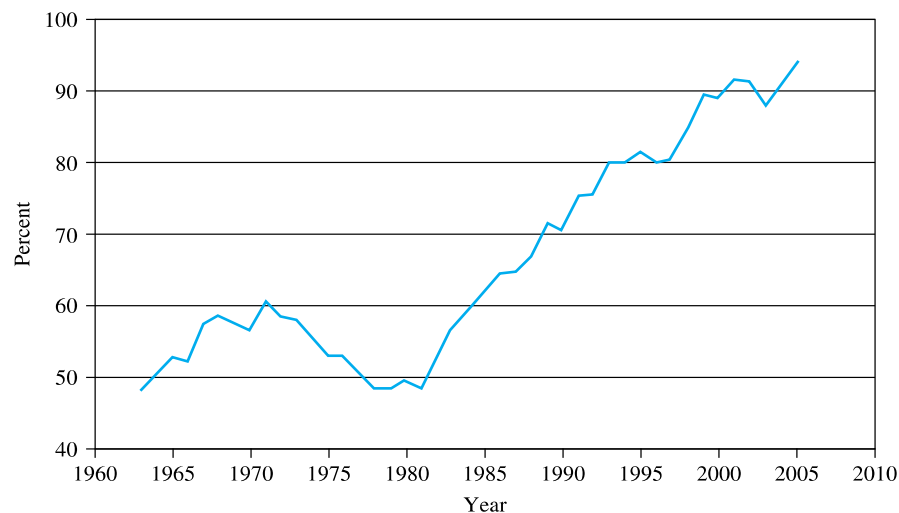


Wage Structure

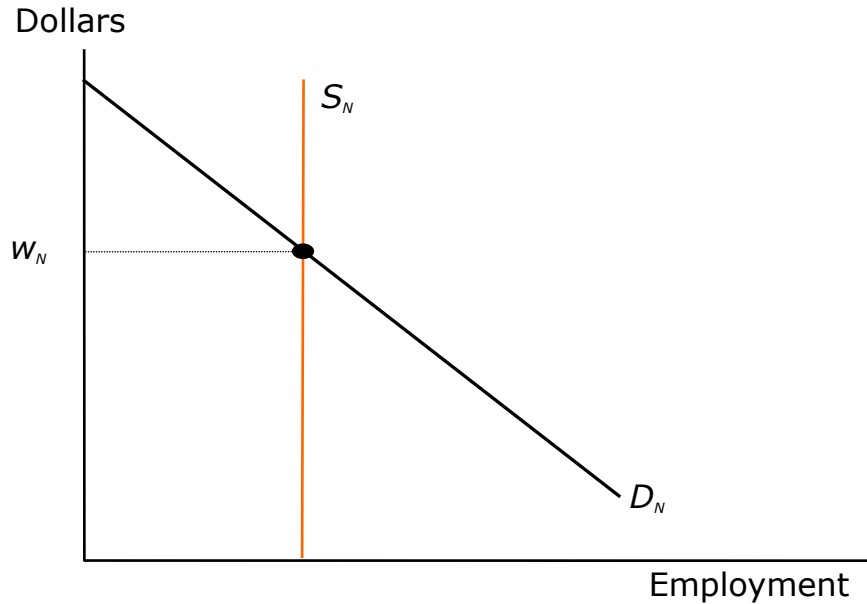
- The wage gap between those at the top of the wage distribution and those at the bottom widened dramatically.
- We will discuss different measures of inequality in the earnings distribution...
- ...and strategies for the policy makers.



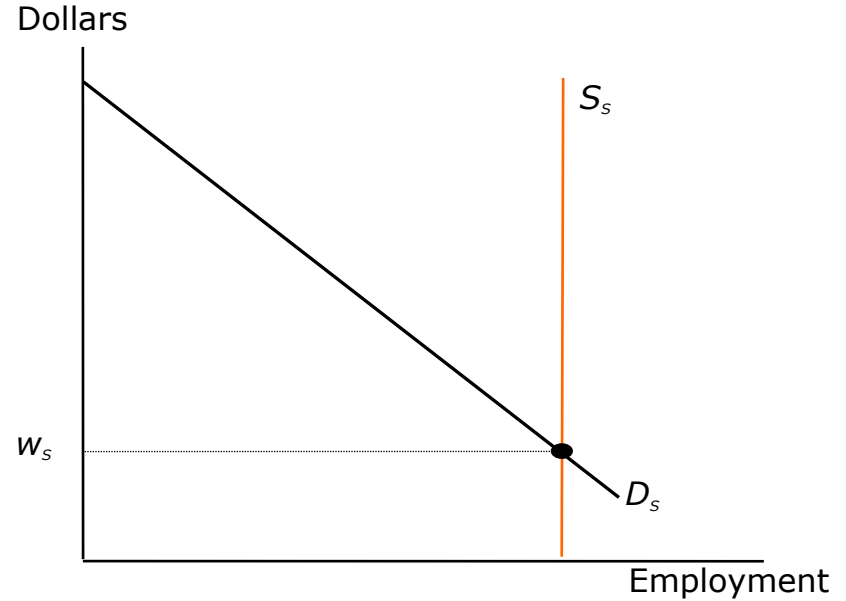
Wage Differential Between College Graduates and High School Graduates



Wage Convergence Mechanism



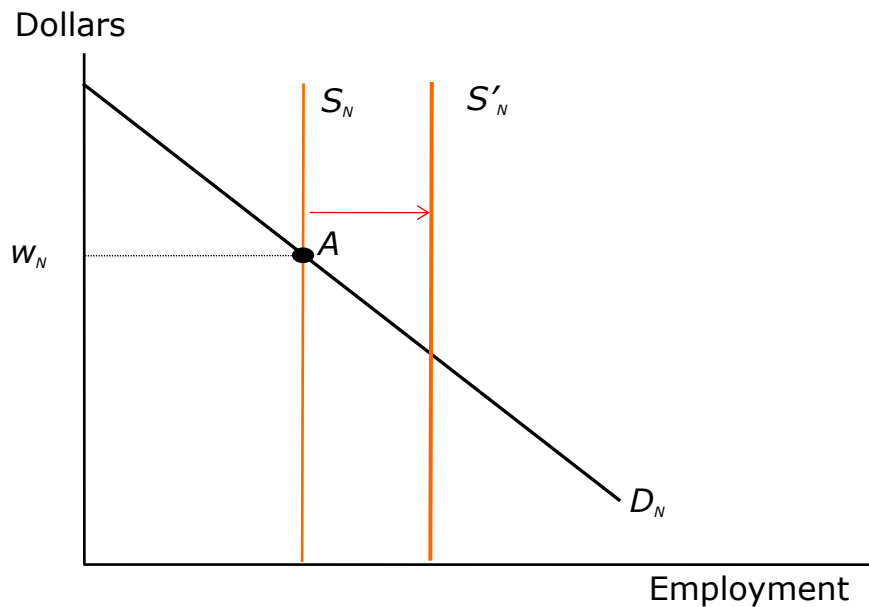
(a) The Northern Labor Market



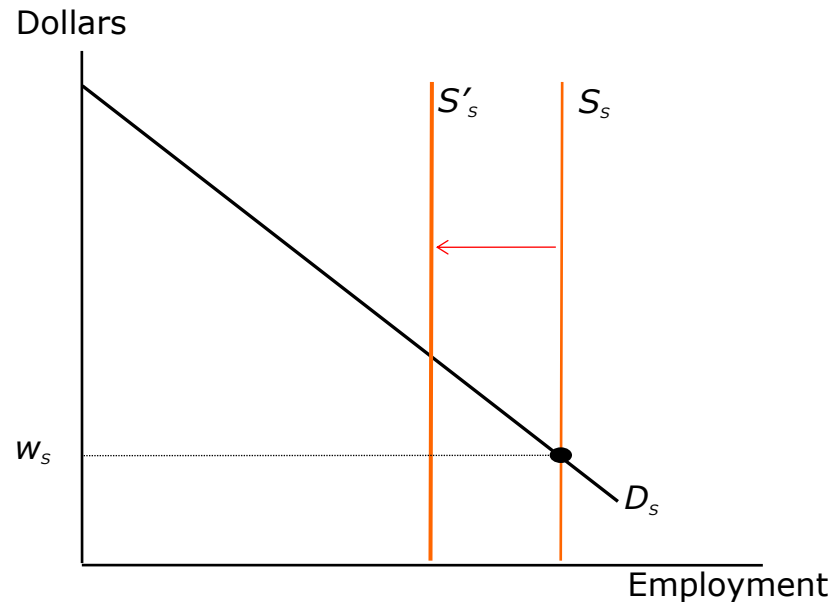
(b) The Southern Labor Market

Competitive Equilibrium in Two Labor Markets Linked by Migration

Wage Convergence Mechanism



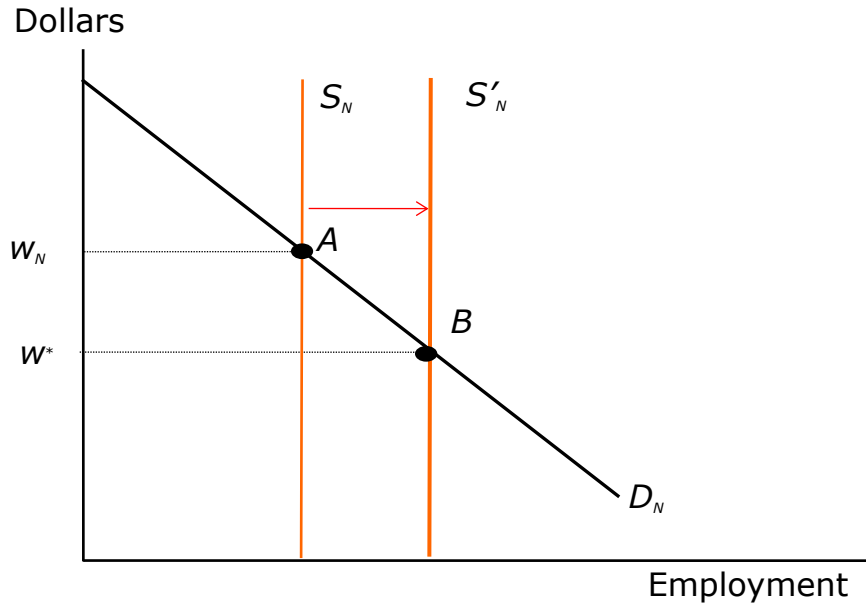
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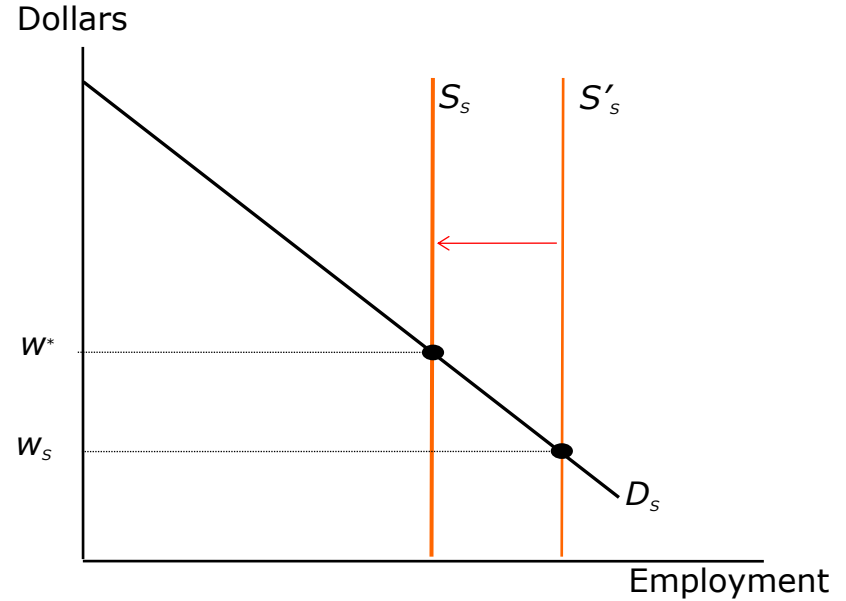
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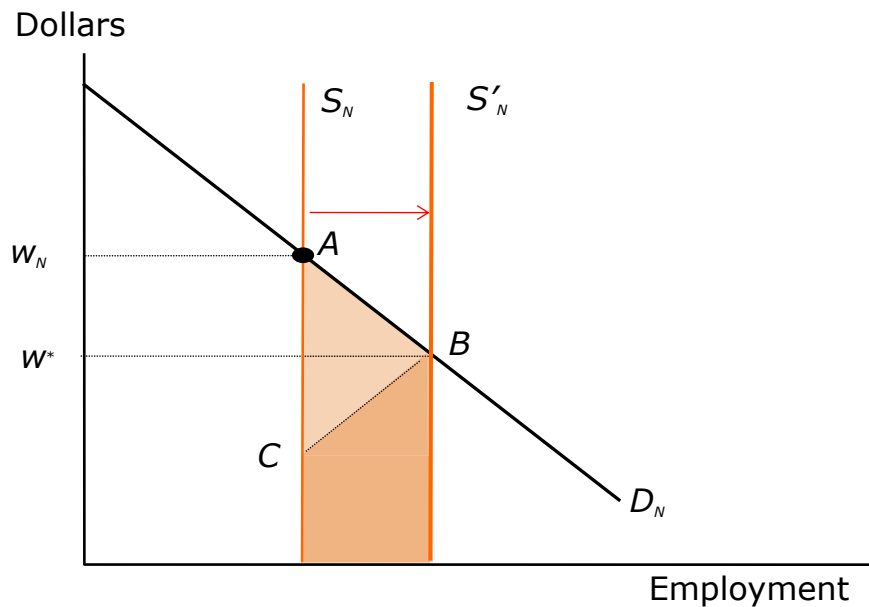
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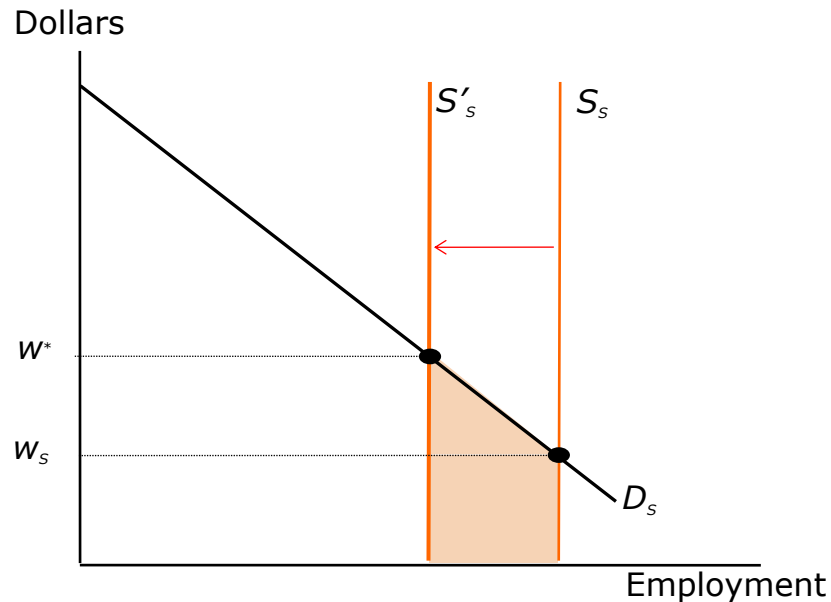
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(a) The Northern Labor Market



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Competitive Equilibrium in Two Labor Markets Linked by Migration

Wage Convergence Mechanism

'The Office' (2008)

Dwight Schrute (played by Rainn Wilson): "Would I ever leave this company? Look, I'm all about loyalty. In fact, I feel like part of what I'm being paid for here is my loyalty. But if there were somewhere else that valued loyalty more highly, I'm going wherever they value loyalty the most."



The Earnings of Superstars

- Superstar phenomenon – a few people in some professions earn very high salaries and seem to dominate their field.
- Why would the world's best waiter earn less than the world's best tennis player?



- Form of instruction:
 - Lectures
 - my teaching,
 - student activation exercises,
 - students' presentations.
- Assessment:
 - Compulsory presentation of an assignment in small groups (fail/pass grade).
 - Written exam, open-book, 3 hours.

Prerequisites and Contact

- The course requires knowledge of basic microeconomics.
 - Students should have knowledge about fundamental concepts such as willingness to pay, elasticities, average and marginal costs, economies of scale, scope, and minimum efficient scale, opportunity costs and sunk costs, economic cost, marginal revenue, allocative efficiency and productive efficiency, perfect competition and monopoly models.
- Lecturer: [Karol Jan Borowiecki](#)
 - Please e-mail me if you have any questions: kjb@sam.sdu.dk