

**University of Illinois at Urbana-Champaign
Department of Economics**

ECON 590 Labor Market Regulations Around the World

Summer 2020 (online)

Credit: 4 hours

Instructor: Yuanyuan Sun
Office: 23 DKH
Contact: Email: syuanyu2@illinois.edu;

COURSE DESCRIPTION

Labor market regulation is an important area of public policy. This course provides an overview of labor market regulation in a number of countries that represent different stages of economic development. We will focus on the impact of various labor market regulations, including minimum wages, employment protections, collective bargaining rights, and social security laws, on earnings, employment, productivity, and a country's overall economic growth. Students should gain deeper understanding of the great variations in labor market regulations around the world, and critically analyze its impact on various labor market outcomes and a country's overall economic growth.

COURSE MATERIALS

- Most readings will be posted electronically on course Compass website. There is no textbook for this class.
- This course uses Illinois Compass2g as the course website. Students registered for the course can log in at <https://compass2g.illinois.edu/>. This website will contain lecture notes, readings, and other useful resources. Important announcement will be posted on the course website as well. Please make sure you have access to the course website and check the website regularly.

GRADING

Component	Percentage
Course Participation	10%
Exercises	20%
Reading Summaries	50%
Essay	20%
<i>Total</i>	<i>100%</i>

Letter grades will be assigned as follows:

A+	97-100%	B+	87-89.9%	C+	77-79.9%	D+	67-69.9%
A	93-96.9%	B	83-86.9%	C	73-76.9%	D	63-66.9%
A-	90-92.9%	B-	80-82.9%	C-	70-72.9%	D-	60-62.9%
						F	Below 59.9%

The grading components are described below:

Course Participation: Active participation in the course activities is important to maximize learning goals. Your course participation can be demonstrated by your viewing of the video lectures, completing exercises and assignments.

Exercises: For many lectures we will have exercises which aim to help you better understand the concepts and content of the lecture. You are allowed to drop ONE exercise score. You will receive a score of zero for any exercise that you miss without a University excused and documented reason. If your absence is due to a University excused reason, you can be given a chance to make up the exercise within 7 calendar days if you notify me before the class and provide supporting evidence.

Reading Summaries: Throughout the course, you are required to write reading summaries on certain assigned readings. All the readings are available through University Library and the links to the readings will be posted on the course Compass site. These assignments are on a weekly basis, but due dates vary based on the course topics. You are required to complete four out of the five reading summaries. This is an individual assignment, so please complete the summaries on your own. Please note, late submission are not accepted unless for valid reasons, and there will be a **1-point deduction** for each day after the due date (including weekends).

Essay: Small groups (~2-3 students in each group) will complete an essay on a topic regarding the effect of certain labor market policy / regulation, drawing on economic literature and some real-world examples. You can find an Essay Guide with example topics on course Compass website. You are welcome to propose other topics that are relevant and you are interested in (you are welcome to talk to me about the topic you choose). Note that you are expected to conduct research, such as collecting and reviewing the recent academic journal articles on the topic, referring to the recent news and events relevant to the topic, and making your own analysis. Please do not repeat what you have already learned in class. Take the project as a chance to broaden and deepen your knowledge and analytical skills on the issues of labor market regulations and enrich your learning experience.

COURSE POLICIES

Academic Integrity: Any form of academic dishonesty is regarded as a serious offense and will not be tolerated. Please carefully review the University policy governing academic integrity and plagiarism: http://studentcode.illinois.edu/article1_part4_1-401.html

Violations of academic integrity as given in the Student Code will be taken very seriously. Anyone found cheating in the course (or helping others to cheat) will be penalized according to the Code.

These penalties include, among others, a failing grade (F) for the course and suspension and/or expulsion from the University

Use of Class Notes and Materials: Taking notes is a means of recording information but more importantly of personally absorbing and integrating the educational experience; it must not be for the purpose of selling or re-distribution since course materials are protected by the US copyright laws. You must not make audio or visual reproductions of any portion of any class, or upload course materials including the course syllabus on any non-university website, without the explicit permission from the instructor. According to the university policy regarding sale or distribution of lecture notes or course materials ([Student Code Article 1 Part 3](#)):

“No student shall sell, deliver or distribute copyrighted lecture notes or other course materials without the express permission of the copyright holder. An example of an infraction would include posting on a website or selling instructor copyrighted slides, lecture notes or other expressions fixed in a medium. (See also the University General Rules, Art. III, §4 regarding copyright policy.)”

ACCOMMODATIONS

Disability Accommodations: To obtain disability-related academic adjustments and/or auxiliary aids, students with disabilities must contact the course instructor and the Disability Resources and Educational Services (DRES) as soon as possible. To contact DRES you may visit 1207 S. Oak St., Champaign, call 333-4603 (V/TTY), or e-mail a message to disability@uiuc.edu.

REMARKS

- Being prepared for each class will help you enhance your learning outcome. Reading the assigned readings before each class will assist you better understanding of the lecture and add to the quality of class discussion. Keep up with the course material is the best strategy for you to do well in exams.
- Any course-related questions and inquiries are very welcome and encouraged. If you have a question, DO ask, because other students may have similar questions. You are welcome to talk to me before or after the class, or stop by during my office hour, or send me an email. If you ask a question by email, please add “[ECON590]” at the beginning of your email titles in order to receive timely response. Depending on your question, I may address it in class or send an email to the whole class to ensure everyone is on the same page.
- You are welcome to keep me informed and provide feedback or comments about the course at any time throughout the semester.

COURSE OUTLINE (ECON 590, Summer 2020 online)

* This should serve as a guide for planning your readings, assignments, and exam preparation. Aspects of the course schedule are subject to change, if and when necessary. Please check the course Compass site for webpage links and readings available online. Articles for reading summaries are marked by star.

	I. Overview
06/15	Course Introduction
06/16, 17	<u>Key Concepts and Measurement in Labor Markets</u> <ul style="list-style-type: none"> • BLS website: <ul style="list-style-type: none"> ◦ How the Government Measures Unemployment ◦ Trends in Long-term Unemployment ◦ How long before the unemployed find jobs or quit looking? • (optional) BLS, Current Population Survey: Handbook of Methods • (optional) The Current Population Survey—tracking unemployment in the United States for over 75 years.
06/18	<u>Labor Market Regulations: Rationale, Content, Goals, and Outcomes</u> <ul style="list-style-type: none"> • Botero, Djankov, LaPorta, López-de-Silanes, and Shleifer. 2004. The Regulation of Labor. <i>Quarterly Journal of Economics</i>, 119 (4): 1339-1382. • ILO, Key Indicators of the Labor Market (2015) • BLS, Major Economic Indicators.
	II. U.S. Labor Market Regulations
06/22, 23, 24	<u>Employment Protection in the U.S.</u> <ul style="list-style-type: none"> • The Global Workplace: International and Comparative Employment Law. Ch. 3 (<i>Read p. 123-129</i>). • Equal Employment Opportunities Commission • Department of Labor: Wages and the Fair Labor Standards Act (FLSA) • Summary of the Major Laws of the Department of Labor • DOL Occupational Safety and Health Administration – Employer Responsibilities • (optional) Doleac & Hansen. 2016. Does “Ban the Box” Help or Hurt Low-skilled Workers? Statistical Discrimination and Employment Outcomes when Criminal Histories are Hidden. <i>NBER Working Paper No. 22469</i>. * Card & Krueger. 1994. Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania. <i>The American Economic Review</i>, 84 (4): 772-793. (<i>Read p. 772-778, 792</i>) * Allegretto and Reich. 2018. Are Local Minimum Wages Absorbed by Price Increases? Estimates from Internet-based Restaurant Menus. <i>ILR Review</i>, 71(1): 35-63. * Sabia, Burkhauser, and Hansen. 2012. Are the Effects of Minimum Wage Increase Always Small? New Evidence from a Case Study of New York State. <i>ILR Review</i>, 65(2): 350-376.
Due	Summary due on Tuesday, June. 23, by end of the day.
06/25, 29	<u>Collective Bargaining in the U.S.</u> <ul style="list-style-type: none"> • Gold, Michael E. 2014. <i>An Introduction to Labor Law</i>. Cornell University Press. Ithaca, New York. (<i>Introduction: p. 3-9; Ch. 2 An Overview of the Labor Act</i>)
06/30, 07/01	<u>Social Safety Net in the U.S.</u> <ul style="list-style-type: none"> • Social Security Administration: The Development of Social Security in America • Legally Required Employee Benefits

07/02	<p><u>Outcomes of Labor Market Regulations</u></p> <ul style="list-style-type: none"> * Fernandez-Villaverde, Jesus. 2017. The Economic Consequences of Labor Market Regulations. <i>The University of Chicago Legal Forum</i>, 119-141. * Freeman, 2005. Labour Market Institutions without Blinders: The Debate over Flexibility and Labour Market Performance. <i>International Economic Journal</i>, 19 (2): 129-145. * Botero, Djankov, LaPorta, López-de-Silanes, and Shleifer. 2004. The Regulation of Labor. <i>Quarterly Journal of Economics</i>, 119 (4): 1339-1382.
Due	Summary due on Thurs., July 2, by end of the day.
	III. Labor Market Regulations in OECD Countries
	Canada
07/06, 07	<ul style="list-style-type: none"> • Summary of Key Distinctions between Canadian and U.S. Labour and Employment Law, Ch1 in Gilbert et al. (eds). <i>Canadian Labour and Employment Law for the U.S. Practitioner</i>. • Federal Labour Standards of Canada.
	Germany
07/08,09,13	<ul style="list-style-type: none"> • Kirchner & Morgenroth. 2010. Executive Summary: German Employment and Labour Law. In Kirchner, Kremp, & Magotsch (eds.) <i>Key Aspects of German Employment and Labour Law</i>, Springer. • ILO, National Labour Law Profile: Federal Republic of Germany. * Addison, et. al. 2001. Works Councils in Germany: Their Effects on Establishment Performance. <i>Oxford Economic Papers</i>, 53(4), 659-694. * Mueller. 2012. Work Councils and Establishment Productivity. <i>ILR Review</i>, 65(4), 880-898. * Dustmann, et. al. 2014. From Sick Man of Europe to Economic Superstar: Germany's Resurgent Economy. <i>The Journal of Economic Perspectives</i>, 28(1), 167-188.
Due	Summary due on Thurs., July 09, by end of the day.
	OECD Countries
07/14	<p><u>Outcome of Labor Market Regulations in OECD countries</u></p> <ul style="list-style-type: none"> • Deakin & Sarkar. 2014. How do Labour Laws Affect Unemployment and the Labour Share of National Income? The Experience of Six OECD Countries, 1970-2010. <i>International Labour Review</i>, 153 (1): 1-27. • Neumark & Wascher. 2004. Minimum Wages, Labor Market Institutions, and Youth Employment: A Cross-National Analysis. <i>ILR Review</i>, 57 (2): 223-248. • Sturn. 2018. Do Minimum Wages Lead to Job Losses? Evidence from OECD Countries on Low-Skilled and Youth Employment. <i>ILR Review</i>, 71(3): 647-675.
	IV. Labor Market Regulations in Developing Countries
	China
07/15, 16, 20	<p><u>Labor Law in China</u></p> <ul style="list-style-type: none"> • Gallagher & Dong. 2011. Legislating Harmony: Labor Law Reform in Contemporary China. In Kuruvilla, Lee, and Gallagher, (eds), <i>From Iron Rice Bowl to Informalization: Markets, Workers, and the State in a Changing China</i>, Ithaca: ILR Press/ Cornell University Press. • (optional) Labor contract law of the People's Republic of China

	<p>* Cooke. 2011. The Enactment of Three New Labour Laws in China: Unintended Consequences and the Emergence of ‘New’ Actors in Employment Relations. In: Lee & McCann (eds). <i>Regulating for Decent Work: New Directions in Labour Market Regulation</i>, Basingstoke: Palgrave Macmillan, pp. 180–205. (Read p. 180-195)</p> <p>* Li & Freeman. 2015. How Does China’s New Labour Contract Law Affect Floating Workers? <i>British Journal of Industrial Relations</i>. 53(4), 711-735.</p> <p>* Chen & Funke. 2009. China’s New Labour Contract Law: No Harm to Employment? <i>China Economic Review</i>, 20(3), 558-572.</p>
Due	Summary due on Thurs., July 16, by end of the day.
07/21, 22, 23	<p><u>Labor Relations in China</u></p> <ul style="list-style-type: none"> • (optional) Law of the People's Republic of China on Labor-dispute Mediation and Arbitration • Chang & Cooke. 2015. Legislating the Right to Strike in China: Historical Development and Prospects. <i>Journal of Industrial Relations</i>, 57 (3): 440-455. • Liu, M., and Li, C. 2014. Environmental pressures, managerial industrial relations ideologies and unionization in Chinese enterprises. <i>British Journal of Industrial Relations</i>, 52(1), 82-111. * Lee, Brown, and Wen. 2016. What Sort of Collective Bargaining is Emerging in China? <i>British Journal of Industrial Relations</i>, 54(1): 214-236. * Liu. 2010. Union Organizing in China: Still a Monolithic Labor Movement? <i>ILR Review</i>. 64(1), 30-52.
Due	Summary due on Thurs., July 23, by end of the day.
	India
07/27, 28	<ul style="list-style-type: none"> • Agarwala & Khan 2002. Labor Market and Social Insurance Policy in India. <i>The International Bank for Reconstruction and Development/The World Bank</i>, Washington, D.C. • The Global Workplace: International and Comparative Employment Law. Ch. 13 (Read p. 813-834). • Timothy & Burgess. 2004. Can Labor Regulation Hinder Economic Performance? Evidence from India. <i>Quarterly Journal of Economics</i>, 119 (1): 91-134.
	Brazil
07/29, 30	<ul style="list-style-type: none"> • Paulo Baltar et al. Moving toward decent work – Labour in the Lula government: Reflections on recent Brazilian experience. Global Labour University, Working Paper #9, May 2010 • ILO, Studies on Growth with Equity – Brazil: An Innovative Income-Led Strategy (2011). • Berg. 2011. Laws or Luck? Understanding Rising Formality in Brazil in the 2000s. In: Lee & McCann (eds). <i>Regulating for Decent Work: New Directions in Labour Market Regulation</i>, Basingstoke: Palgrave Macmillan, pp. 123-150.
	International Labor Standards
08/03,04	<ul style="list-style-type: none"> • ILO, Rules of the Game: A Brief Introduction to International Labour Standards (2014), Ch 1 (p. 7-16). • Frenkel and Scott. 2002. Compliance, Collaboration, and Codes of Labor Practice: The Adidas Connection. <i>California Management Review</i>, 45(1), 29-49.
08/05,06	Essay and Q&A