

University of Illinois at Urbana-Champaign
Department of Economics

ECON 590 Labor Market Regulations Around the World

Spring 2023
Credit: 4 hours

Tue & Thurs: 2-3:20pm
307 David Kinley Hall

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Office Hours: Mon & Wed, 2-3pm, or by appointment

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 Canvas website. There is no textbook for this class.
- This course uses Illinois Canvas as the course website. This website contains 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.

ATTENDANCE POLICY

This course requires your regular attendance. Attendance includes arriving on time and remaining until the end of the session. If you are unable to attend certain class sessions due to university excused reasons, please notify the instructor in advance.

EXAMINATION INFORMATION

Midterm exam: March 7, in class.

Final exam: TBA.

GRADING

Component	Percentage
Class Participation	5%
In-class Exercise	20%
Reading Summaries	20%
Presentation	15%
Exam 1	20%
Exam 2	20%
Total	100%

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:

Class Participation: Active participation in class activities is important to maximize learning goals. Your role as a student is not only to passively receive knowledge, but also to actively share your knowledge, your experience, your perspectives on issues and your meaningful questions that contribute to the learning of the class. Your class participation can be demonstrated by your preparedness for each class, your thorough understanding of the assigned readings, your active involvement in class activities, and your meaningful questions or comments during lectures and discussions. Your class participation is graded as the following:

0	<ul style="list-style-type: none"> – Absence (more than 5 times without University excused reasons), or – Not participate in any class activities. – Never provide comments or ask questions.
1-2	<ul style="list-style-type: none"> – Presence in most classes, and – Occasionally involve in class activities (for example, occasionally contribute to group or class discussions; provide some input)
3	<ul style="list-style-type: none"> – Presence in almost all the classes, and – Regularly involve in class activities (for example, regularly contribute to group discussions; provide relevant comments or questions).
4	<ul style="list-style-type: none"> – Presence in all classes.

	– Actively participate in class activities (for example, actively involve in class discussions; provide relevant, and sometimes, meaningful comments or questions).
5	– Presence in all classes. – Always actively participate in class activities (for example, always actively participate in group discussions; always provide meaningful comments, questions or examples that contribute to lecture and discussion).

Note that *class participation* is NOT *attendance*. As a student, it is your responsibility to attend all classes and be on time. You do not earn any credits for class participation by merely sitting in class without participation or contribution. In addition, being absent and/or late multiple times will lower your contribution to classroom grades simply because you have fewer opportunities to participate in class activities and contribute to the class.

In-class Exercises: In many lectures we will have in-class exercises which are NOT announced in advance. You are allowed to drop ONE in-class exercise score. You will receive a score of zero for any in-class 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 (marked by * in the reading list). These assignments are on a weekly basis, but due dates vary based on the course topics. Generally you are required to submit the summary the day before the class in which we will have class discussion on these readings. You are required to complete four 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).

Presentation: Small groups (~3-4 students in each group) will provide a 20-30 minutes presentation on a topic regarding the effect of certain labor market policy / regulation, drawing on economic literature and some real-world examples. You can find a Presentation Guide with example topics on course Compass website. You are welcome to propose other topics that are relevant and you are interested in (please talk to me at least two weeks before your presentation). 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 you knowledge and analytical skills on the issues of labor market regulations; present something new and eye-opening, to stimulate the interest of the class on the topic, and enrich the class learning experience. You should also prepare to address questions from the class and the instructor after the presentation.

Exams: There are two exams for the class.

- Each exam will include all the contents of the topics to be tested, including lectures, assigned readings, in-class exercises & discussions, videos, etc. More information about the specific

content and format of the exams will be provided before each exam. You need to carefully study the lecture notes for all the exams.

- Exams must be taken at the scheduled time. If you miss the midterm exam for a University excused reason, you must notify me BEFORE the exam begins. The final exam will be used as a make-up of the final score only for those that provide supporting evidence, and an absence letter from Student Assistance Center in the Office of the Dean of Students may be required under certain circumstances. Failure to take an exam at the scheduled time without approval will result in zero grade for this exam.
- Conflict exam can be offered if you qualify for such accommodation (see [Student Code Article 3 Part 2](#)). If you believe you are eligible for a conflict exam, you must notify me as soon as possible but no later than one week before the date of exam.
- You may on occasion have questions about assignment or exam grading. Re-grading request must be submitted in writing within 7 calendar days after you receive your graded assignment or exam; re-grading request submitted after 7 calendar days will not be accepted. In the request for re-grading, you must specify the aspects that need further attention, and the reasons that justify re-grading, which should include the rationale behind your original answer, the differences between your original answer and the correct answer, and why you believe re-grading should be granted. I reserve the right to re-grade the entire assignment or exam (not only the question in which you think there may be a mistake).

COURSE POLICIES

Attendance: Attendance to class is mandatory. If you miss a class, it is your responsibility to find out from the instructor or your classmates what material was covered and what handouts you may have missed. There are **NO make-ups** for quizzes or exams. Exceptions can be made only if your absence is for a University excused and documented reason. If your absence is due to a University excused reason and would like to make up any in-class exercise, you must notify the instructor in advance and provide supporting evidence (e.g., illness with a doctor's note). If you miss one of the exams for a University excused reason, you must notify me before the exam begins. Accommodations will be offered only for those that provide supporting evidence (an absence letter from Student Assistance Center in the Office of the Dean of Students may be required under certain circumstances). Failure to take an exam at the scheduled time without approval will result in zero grade for this exam. Please refer to the [Student Code \(Article 1 Part 5\)](#) regarding the university policy governing class attendance.

Classroom Conduct: You are expected to engage in respectful interactions with the instructor and your fellow students to foster a positive learning environment. Any behaviors that would distract others in classroom are prohibited. Such behaviors include but are not limited to: arriving class late, leaving class earlier, chatting with classmates, talking on the phone, texting, unnecessary computer and internet use such as playing video games, browsing social network websites, checking or composing email, etc. Violation of the appropriate classroom conduct will negatively affect class participation grades, and lead to restrictions on your cellphone/laptop use, or being asked to leave the classroom, depending on the frequency and severity of the violation.

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 (217) 333-1970, 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, Spring 2023)

* 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
01/17	Course Introduction
01/19, 24	<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.
01/26	<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
01/31, 02/02, 02/07	<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 Sunday, 02/12, by end of the day.
02/09, 02/14	<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>)
02/16, 02/21	<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

02/23	<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.
<i>Due</i>	<i>Summary due on Sunday, 02/26, by end of the day.</i>
	III. Labor Market Regulations in OECD Countries
	Canada
02/28, 03/02	<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.
03/07	Midterm
	Germany
03/09, 03/21	<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.
<i>Due</i>	<i>Summary due on Sunday, 03/26, by end of the day.</i>
	OECD Countries
03/23	<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
03/28 03/30	<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 Sunday, 04/02, by end of the day.
04/04, 04/06	<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 Sunday, 04/09, by end of the day.
	India
04/11, 04/13	<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
04/18, 04/20	<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
04/25	<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.
04/27, 05/02	Presentation, Course Summary and Q&A