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Course Number: ECON 5603; Labour Market and Active Policies
Semester: Fall, 2012/2013
Instructor: Dr. Nikica Mojsoska-Blazevski
Credits: 4 credit hours/ 8 ECTS
Contact hours: 30 hours
Learning hours: 130 hours
Class Hours: Thursday and Friday, 18-21; Saturday, 9-13 (two weeks, plus assignment presentations)
Prerequisite: No

Required Text:

Students are asked to prepare for the first class/ topic by reading the following literature:

1. T. Boeri and P. Garibaldi (2009) Beyond Eurosclerosis, *Economic Policy*, July: 409-61.
2. G. Flaig and H. Rottmann (2011) Labour Market Institutions and Unemployment: An international comparison, *CESIFO Working Paper* No. 3558.
3. N. Mojsoska-Blazevski (2012) Challenges to successful employment policy in the Western Balkan region: towards more jobs, quality labour force and greater competitiveness.
4. N. Mojsoska-Blazevski and N. Kurtisi (2012) The Macedonian Labour Market: What makes it so different? *Social Policy Review*, No. 9/2012.

The first two papers provide a general insight into the EU labour markets, the third one explored the labour markets of the Western Balkan countries (the region) and the third one has a focus on Macedonia. These papers (as well as the others) would be provided to students on the internal portal.

Besides those papers, throughout the course students are required to read the following literature:

General literature:

1. R. Bruno and R. Rovelli (2010) Labour Market Policies and Outcomes in an Enlarged Europe, *Journal of Common Market Studies*, 48(3): 661-85.
2. J. C. van Ours and M. Vodopivec: How Shortening the Potential Duration of Unemployment Benefits Affects the Duration of Unemployment: Evidence from a Natural Experiment, *Journal of Labor Economics*, Vol. 24, No. 2 (April 2006), pp. 351-378.
3. J. Kluge, H. Lehmann and M.C. Schmidt: Disentangling Treatment Effects of Active Labor Market Policies: The Role of Labor Force Status Sequences, DARRT Working Paper, 2007.
4. D. Card, J. Kluge and A. Weber (2009) Active Labor Market Policy Evaluations: A Meta-Analysis. IZA Discussion Paper, No. 4002.

Transition countries

1. H. Lehmann and A. Muravyev (2011) Labour Markets and Labour Market Institutions in Transition Economies, *IZA Discussion Paper* No. 5905.
2. J. Koettl and M. Weber (2012), "Chapter 5 Does Formal Work Pay? The Role of Labor Taxation and

Social Benefit Design in the New EU Member States", Hartmut Lehmann, Konstantinos Tatsiramos, in (ed.) *Informal Employment in Emerging and Transition Economies (Research in Labor Economics, Volume 34)*, Emerald Group Publishing Limited, pp. 167 – 204.

Macedonia

1. H. Lehmann (2010) Macedonia's Accession to the EU and the Labour Market, IZA Policy Paper, No. 14.
2. N. Mojsoska-Blazevski (2011) Taxation of Labour: The Effect of Labour Taxes and Costs on Employment in Macedonia (2012). *Post-Communist Economies*, 24(2), p. 241-256.
3. N. Mojsoska-Blazevski (2011) Adapting unemployment benefit systems to the economic cycle. European Employment Observatory.

Additional reading:

1. Mitman, K. and Rabinovich, S. (2011) Pro-Cyclical Unemployment Benefits? Optimal Policy in an Equilibrium Business Cycle Model, Penn Institute for Economic Research Working Paper, 11-010.
2. Bah, E., Batalden, S., Brada, J. and Evans-Romaine, K., Assessing the Impact of US Government Assistance on Job Creation, *US Agency for International Development*, http://pdf.usaid.gov/pdf_docs/PDACM645.pdf
3. Mortensen, D. and C. Pissarides, Job Creation and Job Destruction in the Theory of Unemployment, *Review of Economic Studies*, 61(3), 397-415

Documents and exercises to be provided by the instructor.

Course description:

The course is aimed at presenting main theoretical concepts and areas in labour economics, combined with examination of empirical work and policy implications. We would cover basic concepts such as labour supply and demand, labour market institutions, causes of unemployment, passive labour market policies. Special consideration is given to the active labour market policies. Students can choose a special issue from i) youth unemployment, ii) migration, iii) empirical investigation of the Mincer earnings function for Macedonia.

Learning objectives:

- To understand the functioning of the labour market and the different types of unemployment
- To understand the impact of labour market institutions on the labour market performance
- To study the causes and consequences of unemployment
- To study the rational, as well as potential negative effects of (generous) unemployment benefits on the unemployment
- To learn the types of active policies, their potential effects and explore the empirical findings from evaluation studies

Learning outcomes:

By the end of this course it is expected that the student will be able to:

- To prepare a detailed analysis of a labour market, analyze the causes and consequences of unemployment
- Be familiar with the data bases on labour market indicators)
- To distinguish between different types of unemployment and appropriate policy tools for reducing the unemployment (conditional on the type of unemployment)
- To propose a reform of labour market institutions in the Western Balkan countries, and in particular Macedonia for improving the functioning of the labour market
- To design appropriate package of active policies based on the particular labour market performance and environment
- To discuss argumentatively on the topics related to labour markets, labour market institutions, passive and active labour market policies

Course delivery:

Class lecture will review key themes within the suggested readings mainly in a form of ppt and exercises throughout the presentations. Real-life examples and case-studies will be examined often to help students understand the material taught better.

Instructor's expectations from students:

- Attend class regularly and take instructors notes which can be used as a guideline.
- Contribute to the interactive classes.
- Prepare and follow your own program for home reading.
- Think critically on the issues presented in the classroom.
- Avoid anti-social behavior in College and anti-academic behavior in the classroom (i.e. plagiarism, cheating, etc.)
- Try to interconnect the material taught on related subjects, i.e. Social and Economic Development, Microeconomics, Macroeconomics, etc.
- Impose a self – discipline regarding Colleges rules and procedures.

Examinations structure:

- *Assignment* (50%). An assignment would be given to students that would assess a practical application of learned issues/topics.
- *Projects* (35%): Students would be asked to prepare 3 projects during the time of the course. Due date would be the next day, when those would be discussed.
- *Active participation* (15%): There are open questions for discussion during the classes. Active involvement of students in solving those problems brings 15% of the final grade.

Lessons:

Day 1:	Unemployment: An Introduction Topics: Definition, measurement and classification of unemployment. Recent trends in the level and composition of unemployment. Regional unemployment, youth unemployment and unemployment amongst vulnerable groups.
Day2:	Labour Markets and Labour Market Institutions Topics: Labour markets during transition: growing diversity and inequality. Eurosclerosis. EU vs. US labour market. Labour market institutions and market failure: employment protection and anti-discrimination legislation. The impact of institutions on labour market performance. Labour markets flexibility and flexicurity.
Day 3:	Explaining the causes of unemployment Topics: Cyclical and demand deficient unemployment, capital shortage and unemployment. Structural and mismatch unemployment. Unemployment and economic transition. The natural rate of unemployment and the composition of unemployment. Hysteresis - insiders and outsiders. The dual labour market and shadow economy. Understanding labour markets of Western Balkan countries.
Day 4:	Passive Labour Market Policies Topics: Unemployment benefits and moral hazard. Making work pay reforms and the activation of passive policies. The benefits of churning.
Day 5:	Active Labour Market Policies Topics: Training and structural unemployment, search assistance and labour market mismatch. Work-sharing and job creation subsidies. Enterprise and start-up subsidies. De-regulation and flexicurity reforms.

Day 6: Special Issues: one from:
Topics: Tackling youth unemployment
Emigration and unemployment in the Western Balkans
Empirical investigation of Mincer earnings function in Macedonia.

**Assignment To be agreed with students
due date:**

CPC Coverage in terms of hours

- 1) Functional area
 - A Marketing – 0 hour
 - B Business finance – 0 hours
 - C Accounting – 0 hours
 - D Management – 0 hours
- 2) The Business environment
 - A) Legal environment of Business – 4 hours
 - B) Economics – 15 hours
 - C) Business ethics – 1 hour
 - D) Global dimensions of Business – 2 hours
- 3) Technical skills
 - A) MIS/IT computing – 2 hours
 - B) Statistics/Quantitative techniques – 5 hours
- 4) Integrative areas
 - A) Business policy – 0 hours
 - B) Internship – 0 hours

Assessment:

Active participation-15%, projects-35%, Assignment-50%.

Exams are closed books. Also, you use your own calculator and nothing else will be allowed.

Mobile phones are strictly not tolerated in the class for any use (including computations). Active participation is meant as the effort and the interest that a student shows in the class, including homework.

After each session students are expected to study all the relevant material, read all the associated exercises, prepare assignment for the next class (if given), identify the difficult points and pose their questions in the next session either directly to me or in the class.

Grading Criteria

Grading points	%	Quality
A	96-100	4.00
A-	90-95	3.67
B+	87-89	3.33
B	83-86	3.00
B-	80-82	2.67
C+	77-79	2.33
C	73-76	2.00
C-	70-72	1.67
D+	67-69	1.33
D	63-66	1.00
D-	60-62	0.67

Make-up tests are given in exceptional circumstances. Cheating and plagiarism in any form will result immediately in the grade F. I assign a grade of (incomplete) only when a student misses the Midterm or the Final exam due to a **College-excused absence**, and is unable to make up before final grades are due to the Record's Office. Please, consider seriously that there will be no exceptions concerning the above policy.

Class Conduct: You are responsible for everything that is announced, presented or discussed in class. The way to avoid any misunderstanding associated with this course is to attend class. You are expected to attend class and I do keep attendance records. **The class starts promptly at the scheduled time.** I find late arrivals distracting, which cause a decline in the quality of my lecture.

Importantly, it is also disruptive to your colleagues. I accept students **only up to five minutes late for the first class in a day.** Please, refrain from talking during class, it is disruptive to your colleagues and the lecture. I expect the best behavior from all of you. This is what education is all about. If you have a question about the material, please don't hesitate to ask me; answering questions is part of my job. If you

are lost or confused, your question may help clarify the topic. Please, consider that **the language of instruction is English, so all our conversation into the class must be in this language.**

Class participation and an active intellectual engagement are not only expected but required. Students will deliver their class presentations on the discussion topics. As a final examination students will complete a comprehensive written test. The written test will discuss the material covered in the course readings, reading questions and case studies.

Keep in mind the following:

C- or better is required to use a course either as a prerequisite or as a major requirement.

G.P.A. (Grade Point Average): is computed for each student using the quality points earned for each course taken. A G.P.A of at least 2.0 is required for transfer and to graduate from UACS.

I wish you an interesting and creative academic semester.

Academic Honesty

The American College Skopje has its personal integrity which is presumed to be sufficient assurance in academic matters one's work is performed honestly and without unauthorized assistance. Undergraduate students, by registration, acknowledge the jurisdiction of the Honour System.

Plagiarism and cheating are serious offences and may be punished by failure on the exam, paper or project; failure in the course; and/or expulsion from the faculty. Individuals are prohibited from selling or being paid for taking notes in any form (written, electronic, or otherwise) during this course to or by any person or commercial firm without the express written permission of the professor teaching this course.

Late Work:

Many reasons are given for late work (e.g., flat tires, printer problems, illness, oversleeping, etc.). No matter what the reason, the bottom line is that either (a) the work was completed and turned in when required or (b) the assignment was not completed and turned in when required.

As specified earlier, assignments are due in class at the beginning of class on the specified due date. There is NO PROVISION for late work on any assignment (i.e., late work is not accepted). I also strongly recommend having backup systems in place so that you can have all work completed on schedule. Having your work completed on schedule is a key to early success in your business career.

NOTE: Late submissions are not accepted. Partial credit will NOT be given for late work.

Approved by: Dr. Nikica Mojsoska-Blazevski

Date: 11/2012