

**i SØK3522 V21**

**Department of Economics**

**Examination paper for SØK3522 Arbeidsøkonomi / Labour Economics**

**Examination date: 02/06/2021**

**Examination time (from-to): 9:00 to 15:00**

**Permitted examination support material: A / All support material is allowed**

**Academic contact during examination: Colin Green**

**Phone: 940 37 271**

**Technical support during examination: Orakel support services**

**Phone: 73 59 16 00**

If you experience technical problems during the exam, contact Orakel support services as soon as possible before the examination time expires. If you don't get through immediately, hold the line until your call is answered.

**OTHER INFORMATION**

**Make your own assumptions:** If a question is unclear/vague, make your own assumptions and specify them in your answer. Only contact academic contact in case of errors or insufficiencies in the question set.

**Cheating/Plagiarism:** The exam is an individual, independent work. Examination aids are permitted, but make sure you follow any instructions regarding citations. During the exam it is not permitted to communicate with others about the exam questions, or distribute drafts for solutions. Such communication is regarded as cheating. All submitted answers will be subject to plagiarism control. [Read more about cheating and plagiarism here.](#)

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**ABOUT SUBMISSION**

**File upload:** When working in other programs because parts of/the entire answer should be uploaded as a file attachment – make sure to save your work regularly.

All files must be uploaded before the examination time expires. 30 minutes are added to the examination time to digitalize the sketches/calculations/files. (The additional time is included in the remaining examination time shown in the top left-hand corner.)

NB! You are responsible to ensure that the file(s) are correct and not corrupt/damaged. Check the file(s) you have uploaded by clicking "Download" when viewing the question. All files can be removed or replaced as long as the test is open.

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**Automatic submission:** Your answer will be submitted automatically when the examination time expires and the test closes, if you have answered at least one question. This will happen even if you do not click "Submit and return to dashboard" on the last page of the question set. You can reopen and edit your answer as long as the test is open. If no questions are answered by the time the examination time expires, your answer will not be submitted. This is considered as "did not attend the exam".

**Withdrawing from the exam:** If you become ill, or wish to submit a blank test/withdraw from the exam for another reason, go to the menu in the top right-hand corner and click "Submit blank". This cannot be undone, even if the test is still open.

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# 1 SØK3522 V21

Exam SØK3522 June 2021, 6 hours

Answer all 4 questions. Share of marks included with each question.

## Question 1 (25%) Labour Supply and Job Search

- Demonstrate the effect of a wage increase on labour supply.
- What is the effect of higher Unemployment Insurance (UI) on job search behaviour?

## Question 2 (25%) Human Capital

Demonstrate how ability bias makes it difficult to estimate / observe the returns to schooling. What can we learn about the returns to schooling from increases in the compulsory school leaving age?

## Question 3 (25%) Contracts

How can performance pay contracts potentially reduce principal agent problems? Why might firms pay workers on relative, rather than absolute, performance (for instance using promotion tournaments)?

## Question 4 (25%) Minimum wages and Compensating Wage Variation

- Compare the effect of a binding minimum wage on employment using competitive and monopsonistic labour market models.
- Why would we expect wages to be higher in more dangerous jobs (i.e. with a higher risk of injury)?



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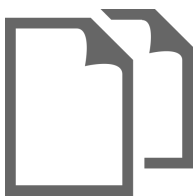
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Maximum marks: 10

**Document 1**  
Attached



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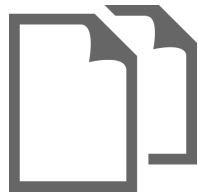
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**Question 1**  
Attached



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