

Exam SØK3522 May 2024

Answer only 3 out of 4 questions (free choice). All questions of equal value.

Question 1 Contracts

What is the principal agent problem in labour contracts? Demonstrate how performance related pay can potentially alleviate this problem.

Question 2 Labour Supply

What is the effect of an increase in the wage rate on hours worked? Imagine that Norway introduced a universal basic income where everyone was paid a set amount irrespective of their hours worked. What effect would this have on hours worked and labour force participation?

Question 3 Minimum wages

Compare the effect of a binding minimum wage on employment in a competitive and monopsonistic labour market setting.

Question 4 Discrimination

How can taste based discrimination lead to wage differences across groups of workers? How can wage discrimination be measured? What is meant by pre-market factors and why might they be important when measuring wage discrimination?