

**Labour Economics: The Distribution of Earnings**  
**ECO 340      Winter 2016**

**University of Toronto**  
**Department of Economics**

**Course Schedule**

Tuesday	11am-1pm	Room: LM 162
Friday	10am-11am	Room: WI 1017

**Course Instructors**

**Maripier Isabelle**

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Office Hours: Friday 9am-10am

**Jean-William P. Laliberté**

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Office Hours: Tuesday, 9am-10am

**Teaching Assistant:** Marc-Antoine Schmidt  
Office hours: Wednesday, 2-3pm, room TBA

**Course Overview**

This course is designed for third and fourth year students with an interest in labour markets, and more specifically in understanding the determinants in wages and earnings. Using tools from microeconomic theory and statistics, we will investigate a wide variety of issues including discrimination in labour markets, the impact of unions and immigration on the distribution of earnings, individuals' decisions to invest in human capital, and social interactions in the labour market. Students will also be introduced to the theory of compensating differentials and models of unemployment.

The course will focus on empirical evidence and methods. At its conclusion, students should be familiar with general facts of the Canadian labour market, and have an understanding of the tools economists use and of the common issues associated with empirical analysis in labour economics.

### **Prerequisites:**

Students must have the following prerequisites, as listed in the Calendar, to take this course:

Intermediate Microeconomics:	ECO200Y1/ECO204Y1/ECO206Y1
Statistics:	ECO220Y1/ECO227Y1/(STA220H1,STA255H1)/ (STA257H1,STA261H1)

The Department of Economics checks prerequisites in all economics courses, and students who do not have them will be removed from the course. Details on course prerequisites are available at:

[http://www.artsandscience.utoronto.ca/ofr/calendar/crs\\_eco.htm#ECO340H1](http://www.artsandscience.utoronto.ca/ofr/calendar/crs_eco.htm#ECO340H1)

Students who wish to use a course completed at another institution or UTSC for prerequisite purposes must submit an official transcript from that institution to Ms. Robbie Innes (undergraduate Administrator) at the Department of Economics prior to enrolling.

This course draws heavily on the material covered in ECO200Y/ECO204Y/ECO206Y, ECO220Y/ECO227Y, and ECO339H1. Individuals who received grades of less than C- in these courses will likely need to spend a considerable amount of time throughout the course reviewing this material.

### **Readings**

Benjamin, D., Gunderson, M. Lemieux, T. and C. Riddell, Labour Market Economics, Toronto: McGraw-Hill Ryerson, 2012 (7th edition). (BGLR)

Additional required and optional readings will be announced in class, and made available through the course website. These include newspaper articles, working papers, journal articles, and supplementary notes.

### **Email policy**

When sending an email to a course instructor, please consider the following:

- If the response requires more than one sentence, email is not the appropriate medium for discussion of course materials. If it takes more, class time or office hours are the more appropriate venue;
- Emails requesting information that can be found on the website or the syllabus will not be answered;
- In conformance with university policy, students are advised to ONLY use @mail.utoronto.ca email addresses;
- Always identify yourself in your email. You should include "ECO340" and a brief statement of the subject matter in the subject heading. Please do not send attachments of any kind, and never use email to submit term work (see below for submission of assignments);
- While we endeavour to respond to emails within 24 hours (except on weekends), if you do not get a response to your email, please contact the instructor after class or in office hours.
- Please also note that it is not appropriate to request marks, or the solutions to problem set or midterm questions by email.

## **Course Evaluation**

Exam:	Final Exam (40%)	April Exam Period (2 hours)
Written assignment:	Short Assignment 1 (10%)	Due February 9, 2016
	Short Assignment 2 (10%)	Due April 5, 2016
	Term Paper (30%)	Due March 18, 2015
	Tutorial Participation (10%)	Weekly

**Exam:** The examination will test the students' understanding of the concepts and empirical models presented in class.

**Short Assignments:** The written assignments will evaluate the students' capacity to apply the concepts presented in class to real-life labour market issues discussed in the public sphere. These assignments will consist of 2-page analyses of a (provided) newspaper article discussing a labour market-related issue in the Canadian economy. The articles will be assigned 2 weeks prior to the due date, and students will submit their work using turnitin.com. The University disclaimer concerning turnitin.com is included in the appendix.

**Term Paper:** The term paper will be assigned in early January, and due on March 18. It consists in a short essay (approximately 1,000 words) in which students are asked to discuss and analyze critically the existing empirical evidence on a topic of their choice among those presented in the outline on page 4 of this syllabus.

### **Submission timeline:**

*Optional:* Students may submit a proposal for review by one of the course instructors. This proposal must be submitted (electronically) by Friday **February 12, 10:00am**. Students who submit substantive proposals by this deadline will receive a bonus of 5% on their term paper grade.

A first submission of the paper is due on **February 26, 10:00am via peerScholar**. At this stage, the essay should be in its final version.

Each student will then be assigned three classmates' essays via peerScholar, for which he will be asked to provide constructive feedback and suggestions. This process will be anonymous and peer reviewers will be randomly assigned. The feedback will have to be submitted by **Tuesday March 8, at 11:00am**.

Students will proceed to the final submission (using both turnitin.com and peerScholar) of their paper by **March 18, at 10:00am**, after having incorporated useful suggestions received from their peer reviewers. This submission will include a short reflection on the modifications made between the first and second submissions of their work. All steps (including the peer assessment) will be part of the evaluation process, but the grading will be independent of the nature of the feedback provided by peers.

## **Course Structure**

Students are expected to actively take notes and participate in the lectures. Some handouts will be made available through Blackboard, but they should not be considered as substitutes for class notes.

Friday sessions will be dedicated to either lectures or tutorials. The tutorial sessions will be conducted by the course TA, who will provide some elements of answers to problem sets that will be assigned periodically. These solutions will not be posted online. The problem sets will not be graded, but are a critical part of the students' preparation for the exams. Short quizzes will also be distributed during most tutorial sessions. A total of 10% of the final mark for this course is allocated to completion of these in-class exercises.

## **Outline**

1. Understanding differences in wages: causality and the regression framework
2. Human capital accumulation and the returns to education (BGLR Chapter 9)
3. Compensating differentials (BGLR Chapter 8)
4. Discrimination in the labour market and resulting wage gaps (BGLR Chapter 12)
5. Market structure and minimum wage policies – Empirical evidence (BGLR Chapter 7)
6. Immigration (BGLR Chapter 11)
7. Asymmetric information and optimal compensation schemes (BGLR Chapter 13)
8. Unions (BGLR Chapters 14 and 15)
9. Unemployment (BGLR Chapters 16 and 17)

## **Appendix**

### **University of Toronto disclaimer concerning turnitin.com**

*“Normally, students will be required to submit their course essays to Turnitin.com for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the Turnitin.com reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University's use of the Turnitin.com service are described on the Turnitin.com web site”*

### **Appeal Procedure**

Students who would like to ask for a revision of a grade, for an exam or a written assignment, should follow this procedure:

- Submit a written request clearly specifying the reasons for which they think their grade should be revised. Doing so, they should refer to class notes, elements of the textbook or to the exam's answer key or the essay's marking scheme;
- The request has to be submitted in person during the TA's office hours, at most two weeks after the exam/assignment is returned;
- The test will be revised by the TA, who will review the grade of the entire exam/project. The grades will be adjusted accordingly, either upwards or downwards;
- If unsatisfied with the process, students will have to repeat the procedure with the course instructors, at most one week after having received the grade, as revised by the TA.

### **Missed exams and late submissions**

If you miss the final exam you are governed by the Faculty's rules for missing final examinations.

The short assignments and the first draft of the term paper have to be submitted by due dates specified in this syllabus. Late submissions will not be graded.

Any late submission for the final deliverable of the term paper will be penalized by 10% for each period of 24 hours after the due date. Any submission received after 10am on March 25 will not be graded.