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**ECO 340H**  
**Labour Economics: The Distribution of Earnings**

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

**2017-2018**

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Course Objectives

Using tools from microeconomic theory and statistics, this course studies the determinants of wages across labour markets. Topics include the theory of compensating differentials, human capital, discrimination, immigration, unions, and alternative models of compensation. Throughout the course, there is an emphasis on the evaluation of empirical evidence.

Instructor

Instructor: Professor Michael Baker  
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Telephone: 416-978-4138  
Office hours: Mondays, 10:00am-12:00pm

Office: Department of Economics  
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Teaching Assistant: Nicolas Gendron-Carrier

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)

*Exclusion:* ECO239Y1, ECO339Y1, ECO343Y5, ECO344Y5

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://calendar.artsci.utoronto.ca/crs\\_eco.htm](http://calendar.artsci.utoronto.ca/crs_eco.htm)

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 and ECO220Y/ECO227Y. 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.

## Time and Place

Tuesdays: 10:00am to 12:00pm, SS2127  
Fridays: 10:00am to 11:00am, SS2127

Lectures are typically two hours per week in the Tuesday time slot. The Friday time slot is used for a variety of purposes, including: extra lectures, reviewing answers to problem set questions, discussing term tests.

## Email Policy

Email can be a useful tool in facilitating communication between faculty and students, but there are serious limitations to how useful email can be to address questions in labour economics:

- 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;
- In conformance with university policy, students are advised to ONLY use their utoronto email addresses.
- Always identify yourself in your email. You should include “ECO339H” 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.
- While I endeavor 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 Website

Copies of the syllabus, class announcements and other course material can be found on the course’s Blackboard site. It is expected that students pay attention to notices and announcements posted there. Some lecture summaries will also be posted (see below).

## Readings

The required course textbook is:

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. Such readings include working papers, journal articles, and supplementary notes.

## Evaluation

### *Overview*

The course grade is based on the following term work, described in further detail below:

1. A Quiz worth a total of 20%;
2. A Midterm test worth 40%;
3. A final exam worth 40%.

The grade for term work in the first semester is based on the following:

Task	Weight	Due Date
Quiz	20%	Tuesday January 30, 2018 (in class)
Midterm	40%	Tuesday February 27, 2018 (in class)
Makeup Test		Thursday April 5, 2018, 10am, SS2106
Final	40%	Final exam period

The final exam covers material from the entire term. The midterm covers material from the start of term.

### *Missed Quiz or Tests*

- A student who misses the Quiz or the Midterm for a documented medical reason (see below) will write a makeup test on Thursday April 5, 2018. The makeup test will cover the course material up to the regular midterm on Tuesday February 27, 2018.
- If you are sick for the Quiz or the Midterm will need to submit the new University of Toronto “Verification of Student Illness or Injury” form. The form may be found at

<http://www.illnessverification.utoronto.ca/getattachment/index/Verification-of-Illness-or-Injury-form-Jan-22-2013.pdf.aspx>

**Please submit the form within the week following the date of the missed Quiz or test. *There are no exceptions to this rule:*** Notes submitted several weeks after the missed Quiz or test or at the end of the term will not be accepted. If you are late getting the note submitted you will receive a mark of 0 for the missed evaluation.

### *Appeal Procedure (for Quiz and the Midterm Test)*

Students who have concerns about the grading of their tests should follow this procedure:

**Step 1:** All requests for remarking must be made in writing. Students must compose a statement indicating which questions they would like reviewed, and why the mark that they received does

not reflect the answer. They must explain in detail why they should have a higher mark, and should refer to course texts, lecture notes and/or the test answer key.

**Step 2:** This request must be submitted in person (not by email) to Professor Baker either in class or during the his office hours. This submission must occur within two weeks of the date on which the tests are returned to the class. If there is an addition error, this can be dealt with quickly, but should follow the same procedure.

**Step 3:** The TA will review the students' statement, and re-read the student's test. The TA may refuse to review tests at his/her discretion if this written statement is not provided.

**Step 4:** Once reviewed, the TA will sign and date the test paper and appeal, and return it to the student. TAs will indicate what changes, if any, were made, and which questions were re-read. The TA has the right to review the grade of the entire exam, not just the requested re-read, and grades may actually go down.

**Step 5:** If you are not satisfied with the decision of the TA, you may repeat this procedure with Professor Baker. This must be completed within two weeks of the re-read test being returned by the TA.

## Lecture Summaries

Summaries of some of the more difficult material covered in class, and of the empirical evidence discussed in class, will be posted on the course website after the class in which it was covered.

## Problem Sets

As in other economics courses, the only way to learn labour economics is to *do* labour economics. Students are therefore encouraged to do problems at the end of the textbook chapters. A selection of questions from previous tests and finals will be packaged into problem sets. While these questions will not be collected for grading, you are strongly encouraged to complete them. Solutions to the problem sets will be discussed in Friday 10-11 time slot, but will not otherwise be posted.

## **COURSE SCHEDULE (*Tentative and Approximate*)**

### **1) The Canadian Labour Market (1 lecture)**

- a) "Why take an economic approach to the labour market?" (on class website)
- b) BGLR Chapter 1.
- c) "Some Notes on Regression Analysis" (on class website), BGLR Chapter 1 Appendix
- d) "An Overview of the Canadian Labour Market" (on class website).

### **2) Equilibrium (2 lectures)**

- a) Compensating Wage Differentials BGLR Chapter 8
- b) Wage Structures across Markets BGLR Chapter 10

**3) Human Capital** (4 lectures)

- a) Education: BGLR Chapter 9
- b) Immigration: BGLR Chapter 11

**4) Gender and Ethnicity:** (3 lectures)

- a) BGLR Chapter 12

**5) Unions** (3 lectures)

- a) Overview: BGLR Chapter 14
- b) Collective Bargaining BGLR Chapter 14
- c) Wage Outcomes: BGLR Chapter 15