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**ECO 339H1**  
**Labour Economics: Employment, Wages, and Public Policy**

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

**2017-2018**

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### Course Objectives

The objective of this course is to use the tools from microeconomic theory and statistics to analyze peoples' actions and interactions in the labour market. We examine public policies such as minimum wages, childcare subsidies and social assistance that affect people's decisions to work and/or firms' decisions to employ. At its conclusion, you should be familiar with the broad empirical facts of the Canadian labour market, and have an understanding of the tools economists use to evaluate policy.

### Instructor

Instructor: Professor Michael Baker  
Email: [baker@chass.utoronto.ca](mailto:baker@chass.utoronto.ca)  
Telephone: 416-978-4138  
Office hours: Mondays, 12:00-2:00pm  
Office: Department of Economics  
150 St. George Street, #238

Teaching Assistant: Jessica Wagner

### 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, MP137

Fridays: 10:00am to 11:00am, MP137

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.

Attending lectures and tutorials is critical to succeeding in this course. If you have other commitments on Fridays, or a history of spotty attendance at lectures, there may be other economics courses that would be a better match for you.

## 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, 2017 (8th 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, October 3, 2017 (in class)
Midterm	40%	Tuesday, October 31, 2017 (in class)
Makeup Test		Friday Dec. 8, 2017
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 December 8, 2017. The makeup test will cover the course material up to the regular midterm on Tuesday October 24, 2017.
- If you are sick for the Quiz or the Midterm will need to submit the 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 reviewed in tutorial.

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

**Step 3:** Once reviewed, the test paper will be returned to the student. The review will indicate what changes, if any, were made, and which questions were re-read. In the review, the marker has the right to review the grade of the entire exam, not just the requested re-read, and grades may actually go down.

**Step 4:** If you are not satisfied with the result of the review, you may appeal to Professor Baker. This must be completed within two weeks of the re-read test being returned.

## 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 periodically be discussed in Friday 10-11 time slot, but will not otherwise be posted.

## **READING LIST & 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) "An Overview of the Canadian Labour Market" (on class website).

### **2) Review of Statistics and Consumer Theory (1-2 lectures)**

- a) "Some notes on regression analysis" (on class website)

### **3) Labour Supply (4 lectures)**

- a) The Labour Market Decision: BGLR Chapter 2
- b) The Effects of Public Policy on Labour Supply: BGLR Chapter 3

c) Life Cycle Labour Supply: BGLR Chapter 4

**4) Labour Demand** (4 lectures)

- a) Demand in Competitive Markets: BGLR Chapter 5.
- b) “Substitution and Output Effects” (class website).
- c) Non-wage Benefits and Quasi Fixed Costs: BGLR Chapter 6

**5) Equilibrium** (1-2 lectures)

- a) Equilibrium under Different Market Structures: BGLR Chapter 7
- b) Minimum Wages: BGLR Chapter 7