ECO 339H1-F Labour Economics: Employment, Wages, and Public Policy
University of Toronto
Department of Economics
Fall 2021

Course Objectives

The objective of this course is to use microeconomic theory and statistics to analyze how people and firms interact in the labour market. We apply these tools to analyze prominent labour market policies including minimum wages, childcare subsidies, and social assistance. At its conclusion, you should be familiar with the broad empirical facts of the Canadian labour market and understand the basic tools that economists use to evaluate policy.

Instructor Contact Information

Instructor: Jeff Hicks
Email: eco339.hicks@utoronto.ca
Office: TBA
Teaching Assistants: Poli Natama, Bingyao Liu
Instructor Office Hours: TBA

Course Delivery

Weekly Lectures: Mondays 10- 12
Weekly Tutorial with Teaching Assistants: Fridays 10-11
Classroom: SS 2102

The first two weeks of the course will be exclusively online, to accommodate the university policy of providing virtual accessibility for the first two weeks.

The first class will be conducted virtually and interactively—I will review the syllabus, introduce the course material, and take questions. I'll also provide a pre-recorded lecture introducing students to Stata, the statistical analysis software that we will use in the course.

For the second week, I will provide a pre-recorded lecture that students should watch **before** class, then we will meet virtually to discuss questions students have about the materials.

All weeks thereafter are expected to be in-classroom lectures – pending university guidelines.

Like most undergraduate economics courses, we start with the basics and gradually introduce more complexity that builds on those basics. The best advice I have is to master the basic concepts early – it will pay dividends as the course proceeds.

Prerequisites

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

1. ***Intermediate Microeconomics*:** ECO200Y1/ECO204Y1/ECO206Y1
2. ***Statistics*:** ECO220Y1/ ECO227Y1/ (STA237H1, STA238H1)/ (STA247H1, STA248H1)/ (STA257H1, STA261H1)

The instructor has zero discretion in waiving these requirements. The Department of Economics checks and enforces all prerequisites in all economics courses. Details on prerequisites are available at: http://calendar.artsci.utoronto.ca/crs_eco.htm

Important: This course draws heavily on the material covered in ECO200Y/ECO204Y/ECO206Y and ECO220Y/ECO227Y – intermediate microeconomics and quantitative methods – especially the former. 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.

Data Analytics focus

This course is part of the Economics Department's Data Analytics Focus. As such, the course includes a meaningful amount of hands-on data analysis. This includes tasks such as downloading datasets like the Labour Force Survey, loading them into statistical software, and writing statistical command files to analyse the data. The TAs will provide tutorial support for this work; nonetheless, students without experience doing this will face a steeper learning curve due to less prior exposure.

Required Resources

1. **Required Course Textbook:** Benjamin, D., Gunderson, M. Lemieux, T. and C. Riddell, *Labour Market Economics*, Toronto: McGrawHill Ryerson, 2021(9th edition). This textbook is available at the UoT bookstore.

   A eBook version is available for purchase here:

   https://www.campusebookstore.com/integration/AccessCodes/default.aspx?bookseller_id=96&Course=STG+ECO339+LABOUR+MARKET+ECONOMICS&frame=YES&t=permalink

2. **Statistical Software:** Stata is the strongly recommended software, which students can purchase a 6 month single-user license for through the University (a six month license for Stata/BE is listed at $48 dollars): https://onesearch.library.utoronto.ca/ic/stata-gradplan-u-t

Students can choose to use alternative programs – such as R – but only Stata will be supported by the instructor and TAs. **Students should acquire statistical software within the first week of classes --- data analysis will begin early.**

3. **Computer:** Students should have access to a computer capable of running Stata/BE --- this is essentially all laptops nowadays. See here: https://www.stata.com/products/compatible-operating-systems

4. **Scanning:** Students should have access to a scanner. For instance, Microsoft OneDrive has an excellent scanning app for mobile devices (and all students have a free license to Microsoft Office 360 which includes OneDrive). The current intention is to conduct tests in-person during class time, but there is uncertainty about how the semester will progress. Students will also need to submit assignments in PDF format via Crowdmark – and therefore handwritten work will need to be scanned.

Evaluation

There will be two tests, three take-home assignments, and one final exam. The tests will assess your understanding of the microeconomic theory tools we use, and an understanding of basic conceptual issues related to interpreting and analyzing labour market data. The assignments will contain hands-on data analysis, mixed with some theory questions. Questions on the exam will be approximately representative of the tests and assignments, but without any hands-on data analysis.

The final exam will be two hours. Tests will be the length of class. Each assignment is expected to take 8-10 *focused* hours **on average**. *This will vary from student to student, and the first assignment may take longer than others as students improve at data work.*

	Final Grade Percent	Due Date
Test #1	25/2	Week 5
Test #2	25/2	Week 9
Assignment #1	50/3	October 5th, **10am**
Assignment #2	50/3	November 9th, **10am**
Assignment #3	50/3	December 8th, **10am**
Final Exam	25	TBA – during the usual final exams period

Tests and **the final exam** will be conducted in person. If something in university policy changes due to evolving public health considerations, then we will follow university guidance. Currently, **tests** are intended to be delivered in-class, but again, this is tentative and can change.

Assignments are take-home and can be completed groups of 3 or less. Group work is encouraged for those who find it useful for learning. But everyone's assignment must be written by that individual. Each person must write their own analysis code. Each person must contribute meaningfully to the entire assignment. Divvying up the questions among individuals is not permitted. Violation of these terms will be considered a serious academic offence – see below for more on this. Students will be required to submit their Stata code (or code from an alternative analysis software) that was used for the data work. If we detect identical versions of code, we will ask students to individually explain to us in-person how their code works.

Grades: No grades are considered official, including posted on Quercus, until they have been formally approved and posted on ROSI at the end of the course.

Ouriginal- University's Plagiarism Protection Tool

Normally, students will be required to submit their course essays to the University's plagiarism detection tool 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 tool's reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University's use of this tool are described on the Centre for Teaching Support & Innovation web site (https://uoft.me/pdt-faq).

Electronics in Class Policy

Cell phones and ear pods need to remain in your bag/pocket during class. I highly encourage traditional pen-and-paper notetaking, or the equivalent on a tablet that has drawing capabilities. According to the University, and quite intuitively, several studies report that taking handwritten notes facilitates better retention of information. Furthermore, many of our lectures will be on the whiteboard with graphical illustrations (without electronic slides) for which handwritten notes is the optimal note-taking approach. Nonetheless, if a student genuinely feels that their laptop is the optimal device, there will be a designated portion of the lecture room for laptop users. This will ensure that they do not distract other students. If I see a student using their laptop for non-class activities, I will ask them to put it away for the remainder of the class.

Email Policy

Email is strongly discouraged in most situations.

1. Questions about course content should be brought to class or tutorial – not email.
2. Students are advised to ONLY use their utoronto email addresses.
3. Always identify yourself in your email.

4. Always include "ECO339H" and a brief statement of the subject matter in the subject heading. **Emails without "ECO339H" in the subject line will be ignored.**
5. Please do not send attachments of any kind, and **never use email to submit term work.**
6. Please do not request marks or assignment/test solutions by email.
7. Assuming your email fits all these requirements, I aim to respond within 1 business day.

Course Website

Copies of the syllabus, class announcements, and other course material can be found on the course's Quercus site. It is expected that students pay attention to notices and announcements posted there.

Missed Tests or Assignments

Students may need to apply for an academic accommodation due to disability, illness, religious observance, or personal emergency.

Disability Related Accommodation: All requests for an academic accommodation due to disability are handled by the University of Toronto's Accessibility Services. They will determine suitable accommodations on a case-by-case basis based on recommendation from health providers and with student input. The instructor is not involved.

Non-Disability Accommodation: Students who require consideration for missed **tests** for any non-disability related reason (e.g., COVID, cold, flu and other illness or injury, family situation) should report their absence through the online absence declaration **before the test** – until otherwise indicated by the University. See here https://help.acorn.utoronto.ca/blog/ufaqs/declare-an-absence/. Use of Verification of Illness (VoI) forms is currently paused by the university. If this changes, we will return to using the VoI system for non-disability accommodations.

If a non-disability related accommodation request is made along with an absence declaration on ACORN, the following will apply:

1. **Missed Tests:** A cumulative make-up test will be held at the end of the term to cover one missed test. If you miss a second test, you will get a grade of zero without the possibility for a make-up, unless you arrange through the registrar of your college alternative accommodation.
2. **Missed Assignments:** No accommodation will be granted unless you go through your college's registrar. Students who face a longer-term issue (or multiple issues) affecting assignments or multiple tests should meet with an academic advisor from their college's Registrar's Office. It is only in consultation with an academic advisor would there ever be further accommodation than indicated in the syllabus.

Late Policy for Assignments: If you submit the assignment up to two-hours late, you will receive a 10% deduction. If you submit between 2 hours and 24 hours late, you will receive a 30% deduction. If you submit 24 to 48 hours late, you will receive a 50% deduction. Assignments submitted more than 48 hours late will receive a grade of zero.

Final Exam: Missed final exams are handled by the university, not the instructor.

Appealing a test

Simple mistakes such as addition errors in summing grades should be brought to the TAs during tutorials. Appeals regarding the more substantive issues of grading must be submitted through MS Forms. One week after each test/assignment is returned, I will open an MS forms through which students can submit appeals. This form will remain open for one week. In that written request, you will be asked to provide:

1. A written statement of which questions you want reviewed, and why the mark that you received does not reflect your answer. The student must explain precisely and concisely why their mark should be higher, with suitable reference to course material and the answers reviewed during tutorials.
2. Once the instructional team reviews it, the test/assignment/exam will be returned to the student. The instructor has the right to review the grade of the entire test/assignment/exam, not just the question(s) flagged by the student, and grades may go down as a result. We will indicate what changes, if any, were made, and which questions were re-read when completing the review.

Code of Behavior on Academic Matters:

Academic misconduct is prohibited. Please read the University's Code of Behaviour on Academic Matters which prohibits all forms of academic dishonesty including, but not limited to, cheating, plagiarism, and the use of unauthorized aids. Violating the Code may lead to penalties up to and including suspension or expulsion from the University. You are expected to know the Code and inform yourself of acceptable academic practices – ignorance of the Code or the acceptable academic practices is not a valid defense if you are accused of a violation. Please also see the policy on group work for the assignments described above.

Mental Health and Wellness

There's help if you need it. Seek out resources early and often. For free, confidential help with professional counselling, information and referrals for mental health, addictions, and well-being, 24/7/365:

Call Good2Talk: 1-866-925-5454 (Ontario) or text GOOD2TALK to 686868.

You can also contact My Student Support Program (MySSP) 1-844-451-9700 (North America); 001-416-380-6575 (Outside of North America) or the U of T Employee & Family Assistance Program (EFAP) 1-800-663-1142 (toll-free); 1-866-398-9505 (TTY); 604-689-1717 (collect).

Student Life Website: http://www.studentlife.utoronto.ca

Health and Wellness Centre Website: http://www.studentlife.utoronto.ca/hwc

TENTATIVE Schedule- Subject to Changes

Class	TOPIC	READINGS	Tutorial
1 (Virtual), September 13th	**Introduction:** Review of syllabus and course content, broad overview of labour market concepts, with emphasis on Canadian labour market trends; introduction to the Labour Force Survey which you will use for all three assignments; introduction to Stata.	Chapter 1, Chapter 2 up to section L02.3.	(VIRTUAL)--- Stata help session --- **this tutorial is VERY important; it will make assignments much easier.**
2 (Virtual), September 20th	**Labour Supply:** Preferences over leisure and consumption, indifference curve representations, marginal rate of substitution, budget sets as a function of work behavior, individuals' optimal choices.	Chapter 2	(IN PERSON) **First 30 Minutes:** Practice solving an individual's optimization problem. **Second 30 Minutes:** Open session for students seeking Stata help.
3 September 27th	**Labour Supply:** Review of previous week, understanding income and substitution effects, deriving individual labour supply curves; introduction to public policies affecting labour supply.	Chapter 2	Practice problems, Stata help
4 October 4th	**Labour Supply and Public Policy:** Understanding how public policies shape budget constraints and therefore labour supply choices: Lump-sum payments, income assistance with claw-backs rates, earned income tax credits, etc.	Chapter 3	Practice problems, Stata help
	Thanksgiving: No class. But there will be a tutorial. A make-up class will be scheduled at the end of the term according to university policy.	Chapter 3, potentially supplementary readings on empirical evidence of the policies we study.	Practice problems
5 October 18th	**Test 1**		Review Assignment 1
6 October 25th	**Labour Supply and Public Policy:** Overview of empirical evidence investigating whether people react to policies in the way we predict. If time, brief foray of labour supply over the life cycle – training and learning-by-doing.	Chapter 3, potentially supplementary readings on empirical evidence of the policies we study.	Review of Test 1

7 November 1st	**Demand for Labour in Competitive Markets:** Modelling individual firm's demand for labour in perfectly competitive markets; how labour demand differs in short-run and long-run; substitution effects versus scale effects.	Chapter 5	Practice problems, Stata help
	Reading Week – No Class		
8 November 15th	Finish: **Demand for Labour in Competitive Markets** And if time, **Other Aspects of Labour Demand and Remuneration Structures**: non-wage benefits like pension and health insurance, parental leave top-ups, etc; quasi-fixed costs to the firm of labour such as hiring and training costs; temporary work agencies, gig work, labour "hoarding".	Chapter 5, continued	Practice problems
9 November 22nd	**Test 2**	Chapter 6	Review Assignment 2
10 November 29th	**Wages and Employment in a Single Labour Market**: Equilibrium in labour markets when perfect competition prevails; equilibrium when firms have market power in the labour market; equilibrium when firms have market power in the output market; effects of a minimum wage.	Chapter 7	Review of Test 2
11 December 6th	**Wages and Employment in a Single Labour Market**: Same thing, continued. Overview of considerable and varying empirical evidence on minimum wages.	Chapter 7, potentially supplementary readings on minimum wage evidence	Practice problems
12 December 9th	**Unemployment:** How do we measure it? What does it represent and why does it matter? What is the Canadian experience? What causes unemployment? What are the intuitive considerations of policy responses? What is Canada's policy response?	Chapter 16, 17	Open course review