

ECO340H1S
Labour Economics: The Distribution of Earnings

Department of Economics
University of Toronto

Fall 2022

Course description

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. In addition, students are introduced to microeconomic models of unemployment. Throughout the course, there is an emphasis on the evaluation of empirical evidence.

Course information

Instructor: Eva Vivalt
E-mail: eva.vivalt@utoronto.ca
Office hours: Friday 3 - 4 pm
<https://utoronto.zoom.us/j/96093860157>
Meeting ID: 960 9386 0157
Passcode: 323688

TA: Annabel Thornton
E-mail: annabel.thornton@mail.utoronto.ca
Office hours: Friday 10 - 11am
Hybrid: GE313 (Max Gluskin building)
<https://utoronto.zoom.us/j/81667353040>
Meeting ID: 816 6735 3040

Learning objectives

The primary objective of the course is to introduce students to the main tools employed by labour economists to understand a variety of labour market outcomes pertaining to differences in wages and earnings across individuals or groups. More precisely, students should expect to:

1. Gain an understanding of the primary microeconomic models used by economists to analyze the wage and earnings distribution in labour markets;
2. Gain an understanding of first-order empirical features of the Canadian labour market, as well as key dimensions of the relevant public policy implications and interventions;

3. Learn to apply microeconomic models to questions pertaining to labour market outcomes;
4. Learn about econometric/statistical methods used to describe, summarize, and estimate relationships between key labour market variables. This includes a critical understanding of the limits to attributing causality between these variables;
5. Learn how to read academic papers;
6. Communicate effectively, especially in written work.

Organization:

Hooray, we are back to in-person! However, you never know what will happen later in the semester. Just in case, I would recommend you still make sure you have:

- a working microphone and webcam (on a computer, not on a smartphone)
- a sufficiently good internet connection to participate in video calls
- the ability to upload files (e.g. Word, pdf) to Quercus

Technical difficulties are not a valid excuse for failing to submit assessments on time, so please be careful (e.g. make back-ups).

Any changes will be announced using Quercus, so please check it regularly.

Lectures and Tutorials

Lectures: Thursdays 2 pm – 4 pm

Tutorials: Thursdays 4 pm – 5 pm

Pre-requisites

One of each of the following:

1. Microeconomics: ECO200Y1/ECO204Y1/ECO206Y1
2. Quantitative methods for economics or statistics: ECO220Y1/ECO227Y1/
(STA237H1, STA238H1)/(STA247H1, STA248H1)/(STA257H1, STA261H1)

You must meet the prerequisites before taking this course. The Department of Economics will check them and strictly enforce them, removing students who do not meet all requirements. I cannot waive the pre-requisites.

The course draws heavily on the material covered in both intermediate microeconomics and statistics (especially regression analysis).

Required text

The required course textbook is:

Labour Market Economics, 9th Edition, by Dwayne Benjamin, Morley Gunderson, Thomas Lemieux, Craig Riddell, Tammy Schirle

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.

Requirements

The final grade for the course will be based on the following:

Percentage	Component	Due date(s)
20%	Mini problem sets	Throughout: each is due by 11:59 pm the day of the associated lecture/tutorial
40%	Midterm	Week of Thursday, Oct. 20
40%	Final exam	TBD - During exam period

The public health situation may result in test date changes.

Mini problem sets: These are short questions, generally based around that week's lecture. They will each be graded out of 2 points (partial credit is possible). Note that 2/2 does not mean you necessarily got every question correct. They will be discussed during tutorial so you have no excuse to not do them, however, you must write up and submit your own answers. If two students submit substantially the same responses, **both** will be penalized. You should upload your responses through Quercus by the end of the day that each problem set is due.

Midterm exam: More detail will be provided in class on the types of questions you can expect and how to prepare. The goal is for this to be held in-person, but the pandemic situation makes it hard to guarantee. We will attempt to have it in-person during lecture on Oct. 20. However, the date is not guaranteed by any means, and it's possible it will need to shift dates and/or be remote.

Final exam: This will be run by the university during the normal final assessment period (date TBD). You will get more guidance on the kinds of questions to expect and how to prepare in lecture, closer to the time.

Class schedule:

Week of	Topic	Assessment questions (subject to change)
Sept. 8	General introduction	
Sept. 15	Wages across markets	Chapter 8: #1, #3, #7
Sept. 22	Human capital 1	Chapter 9: #2, #3, #4

Sept. 29	Human capital 2	Chapter 9: #5, #6, #7
Oct. 6	Immigration 1	Chapter 11: #1, #2, #4
Oct. 13	Immigration 2	Chapter 11: #3, #5, #6
Oct. 20	<i>In-class midterm</i>	Midterm
Oct. 27	Unions 1	Chapter 14: #5, #10, #13
Nov. 3	Unions 2	Chapter 15: #1, #2

-Reading Week-

Nov. 17	Unemployment and social programs	Chapter 16: #1, #2, #5
Nov. 24	Optimal compensation systems 1	Chapter 13: #1, #2, #4
Dec. 1	Optimal compensation systems 2	Chapter 13: #5, #6

Course website, communications, and online lectures / tutorials:

We will be using Quercus to manage class communications, so it is **essential** that you log on and provide an email address that you check regularly! Make sure you are receiving notifications!

Course policies

Examinations:

Appeals policy:

If a student wishes to appeal their midterm grade, or their grade on any other term assignment, they must submit a written explanation as to why they think their grade is mistaken.

You have two weeks from when an assignment's results are released to appeal the assessment's grade. The first week is a one-week "cooling off" period during which no appeals will be considered; you must submit your written explanation in the second week.

Please note that apart from trivial appeals such as points being added incorrectly, the entire item will be re-graded, and the appealed grade can be lower or higher than the original grade.

Missed tests:

A grade of zero will be given to students who do not write the midterm test, unless an appropriate and convincing note is received within one week of the missed test explaining why the test was missed.

For this semester, the Verification of Illness (or “doctor’s note”) is not required. Students who are absent from academic participation for any reason (e.g., COVID, cold, flu and other illness or injury, family situation) and who require consideration for missed academic work **must** record their absence through the ACORN online absence declaration. It is an academic offense to feign illness to avoid a test.

If a student has been excused from a midterm exam, they will be permitted to complete a “make-up” oral test one-on-one on Oct. 27.

- Consistent with university policy, there is no “make-up test” for the make-up test. No medical excuses will be accepted, and a grade of zero will be applied if a student fails to take the make-up test.

Late assignments:

All mini problem sets are due at 11:59 pm Toronto time on the assigned dates.

Late submissions will receive a grade of zero.

E-mail policy:

I will do my best to respond to e-mail within 48 hours, but:

- a) I will not reply to e-mails that request information that can be found on the website or the syllabus, so you should check those places first;
- b) I will only respond to e-mails posing questions that can be answered in a sentence or two. Please consider whether your question is posed in such a way that it can be answered succinctly, and for detailed questions, please see me in office hours;
- c) I will not reply to e-mails regarding the results of graded material – for that, please see me in office hours;
- d) Please, please put “ECO340” in the subject line. Thanks!

If you have been waiting for a response, please double-check these items. If a question is of general interest, I may also send a Quercus announcement about it, so check there, too.

Academic misconduct:

All suspected cases of academic dishonesty will be investigated following procedures outlined in the Code of Behaviour on Academic Matters. If you have questions or concerns about what constitutes appropriate academic behaviour or appropriate research and citation methods, please reach out to me. Note that you are expected to seek out additional information on academic integrity from me or from other institutional resources (for example, the University of Toronto website on Academic Integrity).

Ignorance of the rules does not excuse cheating or plagiarism.

Plagiarism Detection:

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>).

Crowdmark:

This course will use Crowdmark, a collaborative online grading tool for marking and providing feedback on graded term assessments. Crowdmark provides efficiencies with grading, data recording, returning term assessments and handling regrade requests. Copies of student work marked in Crowdmark, including grading and feedback, will be available online to students for at least one year. Digital (i.e., online) copies will serve as the authoritative record for course administrative purposes, and paper copies of assessments scanned and uploaded to Crowdmark will be destroyed after the term has ended and final grades are approved. If students have questions about how their information is stored on Crowdmark, please contact your course instructor.

Accessibility:

Students who require accommodation must register with Accessibility Services: <https://studentlife.utoronto.ca/service/accessibility-services-registration-and-documentation-requirements/>.

More generally, you may find other resources at Accessibility Services here: <https://studentlife.utoronto.ca/department/accessibility-services/>.

The Academic Success Centre can also help you with your learning goals: <https://studentlife.utoronto.ca/department/academic-success/>.

If you have any issues that affect you more than 3-4 days, please contact your College Registrar immediately so they can help: <https://www.artsci.utoronto.ca/current/academic-advising-and-support/college-registrars-offices>.

For course-related issues, please stop by office hours.

Recording:

This course, including your participation, may be recorded on video and made available to students in the course for viewing remotely.

Course videos and materials belong to your instructor, the University, and/or other sources depending on the specific facts of each situation and are protected by copyright.

In this course, you are permitted to download session videos and materials for your own academic use, but you should not copy, share, or use them for any other purpose without the explicit permission of the instructor.

For questions about the recording and use of videos in which you appear, please contact your instructor.

Safety:

While the pandemic is winding down, please look out for each other and be sensitive to others in your class who may either be more at risk themselves or living with people who are more at risk. You never know everyone else's situation. Masks are highly recommended, and if you are Covid+ or feeling unwell, please stay home. Thanks for doing your part to keep the class safe.