ECO 339H1-F Labour Economics: Employment, Wages, and Public Policy
University of Toronto
Department of Economics
Fall 2022

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: TBA
Instructor Office Hours: Will take a poll at start of class.

Course Delivery

Weekly Lectures: Monday 10- 12
Weekly Tutorial with Teaching Assistants: Fridays 12-1
Classroom: SS2102

I will provide a pre-recorded lecture video that students can watch **before** class, then during class time we will review the lecture, review key concepts, etc. Students during the pandemic found this helpful. **The videos are NOT a substitute for in-class attendance.**

We start with the basics and gradually introduce more complexity building on those basics. My advice 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. **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.

   I believe the e-book is cheaper, and I suggest that:

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

   It's possible to do well in this course without the textbook, but the textbook will help many students, and I will provide guidance throughout the course on which chapters to read. It essentially provides a supplement to my lecture notes for the theory we do, and some useful high-level insights into applications of the theory. But the textbook is not a good substitute for the empirical evidence we cover in class --- each lecture contains some real-world research that corresponds to the theory. So, the textbook is not strictly necessary, but students should consider it in the context of the budget available to them, particularly if they struggle with the theory.

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 or python – 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 and phenomenon. 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	Feb 1st, **10am**
Assignment #2	50/3	March 1st, **10am**
Assignment #3	50/3	April 8th, **10am**
Final Exam	25	TBA – during the usual final exams period

Tests and **the final exam** will be conducted in person, unless the university changes their policy for post-January 31st procedures. If something in university policy changes due to evolving public health considerations, then we will follow university guidance.

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.

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 you information is stored on Crowdmark, please contact your course instructor.

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 discouraged in most situations.

1. Questions about course content should be brought to class or tutorial – email is highly inefficient for this.
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
Sep 12th	**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. This lecture will likely not take the full class.
Sep 19th	**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. **Empirical evidence on income effects from lotteries in Sweden and Survivors Insurance in Italy.**
Sep 26th	**Labour Supply and Public Policy:** Understanding how public policies shape budget constraints and therefore labour supply choices: Tax cuts for second jobs (moonlighting), lump-sum payments, income assistance with claw-backs rates, earned income tax credits, childcare subsidies. **Empirical evidence from welfare in Quebec, EITC and Welfare Reform in the U.S., publicly provided child care in Quebec.**
Oct 3rd	**Lifecycle Aspects of Labour Supply:** Two period labour supply model and the child penalty. **a tax free holiday in Iceland, and substantial evidence from many countries on the child penalty.**
Oct 10th	**Thanksgiving**
Oct 17th	**Test 1 – Labour Supply**
Oct 24th	**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, cross-price effects. **Empirical Evidence: How United States investment tax credits affect employment.**
	Reading Week – No Class
Oct 31st	**Non-Wage Remuneration and Fixed Costs of Work:** 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". **Empirical evidence from Illinois workplace wellness experiment, United States business cycle moderation, and European responses to the pandemic (short-time work).**
Nov 7th	**Reading Week**
Nov 14th	**Bringing Demand and Supply Together**: Equilibrium in labour markets when perfect competition prevails; equilibrium when firms have market power. **Evidence from health care labour markets, construction labour markets.**
Nov 21st	**Test 2 – Labour Demand and Equilibrium**
Nov 28th	**Minimum Wages:** What do minimum wages do. How does that depend on market competitiveness. **Empirical evidence from the U.S. and Hungary.**
Dec 5th	**A World of Frictions:** What are "frictions", how do they explain unemployment, wage dispersion, and monopsony. **Empirical evidence from Germany, 1940s Boston, maybe other.**
Dec 8th	**Overflow Class --- Will decide as we get closer. Probably just a review class for exam prep.**