ECO 340H1 LEC101
Labour Economics: The Distribution of Earnings
University of Toronto
Department of Economics
Winter, 2025

Course Objectives

The objective of this course is to use the tools from microeconomic theory and statistics to investigate the different reasons people are compensated differently in the labour market. We'll consider four major categories of explanations: 1) worker/firm/consumer preferences, 2) workers skills, and 3) labour market institutions, 4) worker incentives. More specifically we will investigate the contributions of compensating wage differentials, human capital, discrimination, unions, and efficiency wages, spending two weeks on each topic. At the course conclusion, you should be familiar with the broad empirical facts of how labour market outcomes vary in these dimensions and understand the tools economists use to evaluate policies in these areas.

Course Instructors and Contacts

Professor Laura Turner

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Office hours: 12-1:00pm W after class or email for a zoom appointment at a different time

Teaching Assistants: Alison Cane

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Office hours: by appointment as needed

Prerequisites

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

Intermediate Microeconomics: ECO200Y1/ECO204Y1/ECO206Y1

Statistics: ECO220Y1/ ECO227Y1/ (STA237H1, STA238H1)/ (STA247H1,

STA248H1)/ (STA257H1, STA261H1)

Exclusion: ECO343H5, ECO344H5

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:

https://artsci.calendar.utoronto.ca/course/eco340h1

Effectively, ECO 340 is a more empirical-based option for labour economics compared to 343 and 344. It's recommended that you earned at least a C in your stats prerequisites!

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 analyze the data. In the in-class empirical quizzes, the data will be provided in advance via the course site and reviewed in a data tutorial prior to the quiz. But the take home assignment, worth 40% of your final grade, will require you to formulate a research question, locate data to answer it, and write your own code to generate an empirical analysis.. We will provide tutorial and other support for this work; nonetheless, students without experience working with data may face a steep learning curve!

Course Delivery

We meet on Wednesdays, 10am-12pm and Thursdays (most weeks) from 4pm-5pm, both in BL 205.

Our Wednesday meeting will be a lecture with the course instructor. Lecture slides will be provided on Quercus, but typically just before class.

The Thursday meetings will be either a tutorial or an empirical quiz (see the schedule).

You will be assigned a data set and questions for each of the four tutorials in advance. I encourage you to attempt them before going to the tutorial. The quizzes that follow each tutorial will draw on the material from the previous tutorial.

Course Website

Copies of the syllabus, class announcements, lecture slides, 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.

Required Resources

The required course textbook is:

Benjamin, D., Gunderson, M. Lemieux, T., Riddell, C. and T. Schirle, *Labour Market Economics*, Toronto:

McGraw-Hill Ryerson, 2021 (9th edition).

Some additional readings are given in the course schedule at the end of this syllabus. These readings will be provided via Quercus as we reach the relevant topics.

R is the course software. Both the R language itself and R Studio, the IDE in which we will do our course data work, are available as a free download from Posit. For tutorial (and likely for class as well), you will want to attend with your laptop and have R and R Studio installed.

There are two main ways to code in R: "Basic R" and "Tidy R". The latter is more popular and contains some very useful additional functionality for working with data, but both approaches are fine. We will provide codes throughout the course in both Basic R and Tidy R, sometimes in both so you can see the similarities and differences. Either form is fine to use for your empirical quizzes and take home data projects.

Evaluation

The course grade is based on four empirical quizzes and a take home assignment:

Assessment	Percent	Details	Due Date
In-Class (Thursday) Empirical Quizzes	Best 3 out of 4: 20% each	The empirical quizzes will be held each Thursday following the corresponding tutorial. You'll complete them on your laptop and upload them to the course Quercus page. Quizzes are open book.	#1: January 23rd #2: February 6th #3: March 6th #4: March 27th
Take home data project	35%	Students will have the option to choose a topic of their own to investigate or be assigned one.	April 6th, 11:59 pm
Class attendance	5%	0.5 points per lecture and/or tutorial attended, after the first week.There are 7.5 points available, so students with can receive up to 2.5 direct bonus points on the final grade through attendance.	Ongoing

Missed Work and Regrade Policy

Because the four quizzes are best 3 out of 4, you may miss up to one without penalty. You do not have to provide us with a reason for missing the quiz. However, there is no procedure for making up additional missed quizzes. The only exception I will make is for students who miss a second quiz but otherwise have **perfect** attendance at **both lecture and tutorial** after the first week and continuing to the end of term, indicating that missing two quizzes was simply bad luck. In that case, I will count the two remaining quizzes for 30% each.

Otherwise, those who need to miss a lot of class or evaluations due to health or family reasons should consider taking the course at a later point when you have more disposable time.

If you are unhappy with the grade you received on any of your empirical quizzes during the term, you may submit a regrade request by email to the instructor., not more than a week after the grades are released. Put “Regrade request: Quiz #” in the title of the email and in the body simply state that you want your quiz to be regraded. Whichever of the instructor or TA who did not grade the quiz will do a blind re-grade it (i.e. without observing the original grade) and their assigned mark will be final, regardless of whether it is higher or lower than the initial grade.

Academic Integrity

All students, faculty and staff are expected to follow the University's guidelines and policies on academic integrity. For students, this means following the standards of academic honesty when writing tests and exams. Ensure that the work you submit for grading represents your own honest efforts. Plagiarism, representing someone else's work as your own, collaborating on quizzes are serious offences that can result in sanctions. Speak to me or your TA for advice on anything that you find unclear. Consult the Code of Behaviour on Academic Matters (http://www.governingcouncil.utoronto.ca/policies/behaveac.htm) for a complete outline of the University's policy and expectations.

Potential offences include, but are not limited to:

For a writing assignment:

• Using someone else's ideas or words without appropriate acknowledgement. This includes verbatim copying of any lecture notes distributed by the instructor.

• Submitting your own work in more than one course without the permission of the instructor.

• Making up sources or facts.

• Obtaining or providing unauthorized assistance.

On tests and exams:

• Using or possessing unauthorized aids, including smartphones.

• Looking at someone else's answers during an exam or test.

• Misrepresenting your identity.

On the empirical quizzes:

• Obtaining or providing unauthorized assistance.

• Misrepresenting your identity.

• Collaborating.

More generally in an academic context:

• Falsifying institutional documents or grades.

• Falsifying or altering any documentation required by the University.

Use of Generative AI

Students may make use of LLM or similar generative AI programs, such as ChatGPT, Microsoft Copilot, or Claude, to help craft their take-home data project and/or to write and debug code. However, any use of generative AI programs must be properly cited including the prompt or prompts used for content generation. For information on proper citation, many organizations that publish standard citation formats are now providing information on citing generative AI (e.g., MLA: https://style.mla.org/citing-generative-ai/). Any use of generative AI without ackowledgement will result in a failing grade (possibly a zero depending on the egregiousness of the offence) on the take home assignment.

Use of generative AI is not allowed, for coding or writing, during the empirical quizzes, which are otherwise open book.

Turnitin

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).

Course Schedule (approximate)

Week & Class Dates	Topic	Readings	Tutorials / Assessments
Week 1 January 8th	Course Introduction	No readings	
Weeks 2,3 January 15th & 22nd	Empirical Methods in Labour Economics	Textbook Chapter 1 and Appendix 1a Angrist, Joshua (1990): "Lifetime Earnings and the Vietnam Era Draft Lottery: Evidence from Social Security Records" American Economic Review *80*(3) 313-336	Tutorial #1: January 16th Quiz #1: January 23rd
Weeks 4,5 January 29th & February 5th	Compensating Wage Differentials	Textbook Chapter 8 Lavetti, Kurt (2023) "Compensating Wage Differentials in Labor Markets: Empirical Challenges and Applications" *Journal of Economic Perspectives* 37(3) 189-212.	Tutorial #2: January 30th Quiz #2: February 6th
Weeks 6,7 February 12th & 26th	Human Capital	Textbook Chapters 9 and 10 Griliches, Zvi (1977): "Estimating the Returns to Schooling: Some Econometric Problems" Econometrica 45(1) 1-22	Tutorial #3: February 27th
Weeks 8,9 March 5th & 12th	Discrimination	Textbook Chapters 11 and 12 Reid, Jason and Jane McManus: "The NFL's Racial Divide", &Scape https://andscape.com/features/the-nfls-racial-divide/	Quiz #3: March 6th
Week 10 March 31st	Unions	Textbook Chapters 15 and 16	Tutorial #4: March 13th
Weeks 11 & 12	Efficiency Wages	Reading TBD	