The University of British Columbia
Vancouver School of Economics

Economics 460: Economics of Labour Markets

Professor Nicole M. Fortin

Fall 2020
Tues, Thurs 11:00-12:30
Iona 633

Syllabus

Course web site on Canvas: [https://canvas.ubc.ca/courses/53751](https://canvas.ubc.ca/courses/53751)

COVID-19 Adaptation:
This course may be modified as required to meet the UBC policies regarding adaptation to the pandemic, including no in-person meetings, if required

I. Course Description

This course is an introduction to the Economics of the Labour Markets, which studies the relationship between workers and firms. The course will cover four broad themes: 1) labour supply, 2) labour demand and labour market equilibrium, 3) wage determination and wage inequality, 4) wage differentials across groups and labour market discrimination. Public policies affecting labour market outcomes will be discussed through the course, including the impact of recent measures associated with the COVID-19 pandemic or with the worldwide Black Lives Matters movement of 2020. How should governments manage health crises and recessions? What are the economic consequences of discrimination? Empirical evaluations of impacts on the labour market will be discussed throughout the course, such as the impact of income subsidies on labour supply, the effects of minimum wages on labour demand, the impact of immigration on local labour markets, the effects of discrimination on educational attainment and labour market outcomes of members of minority groups. An outline of specific topics is given below.

Labour Economics is in large part about measurement. By the nature of the material, this 3-credit course directed at fourth-year undergraduate Economics students is fairly statistical and quantitative. It is thus assumed that you are comfortable with the mathematical methods covered in intermediate micro- and macro classes and that you are familiar with the basics of Statistics and Econometrics at the level of Econ 325 (Econ 327) and Econ 326 (Econ 328).

II. Contact Information and Office Hours

The following consultation times with the instructor are provided exclusively for the students in this course:

Nicole Fortin, East Wing Office 202: Mondays, 1:30-3:30PM

For other arrangements, please contact the instructor immediately after class or inquire by e-mail at nicole.fortin@ubc.ca Students can expect a turn-around of 24 hours or less on weekdays. In the event of on-line only instructions, the meetings will be conducted via Zoom meetings platform.
III. Expected Schedule of Topics

This tentative schedule will be modified to follow the progression of the class. I will evaluate the progression of the class using your informal feedback, as well as analytics coming from Top Hat and CANVAS. Topics may take more or less time than I anticipate, and I may decide to change the order in which we address various topics. Mid-term exams will cover material that has been covered in the actual lectures regardless of whether we are ahead of or behind the projected schedule. Detailed information on the required readings for the tests will be posted on the CANVAS course web site.

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<td>Week 1 - Sept 10</td>
<td>Class organization and Introduction to Labour Market Economics</td>
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<td>PART ONE: Labour Supply</td>
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<td>Week 2 - Sept 15/17</td>
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<td>Week 9 – Nov 3/5</td>
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IV. Learning Activities and Outcomes

The class will appeal to several types of learning activities.

1. Lectures
• The instructor will cover the material on substantive economic issues and analytical tools in twice-weekly lectures
• Students will be prompted to reflect on some questions that assess their understanding and share answers to the class using Top Hat (see course website on to register)
• Students’ reading of discussion journal articles prior to class will prepare them for additional in-class engagement

2. Reading Assignments
• The students will test their understanding of the material in quasi- bi-weekly quizzes, which will also serve as preparation to the exams

3. Empirical Assignments
• The students will sharpen their skills with empirical methods in the context of 3 empirical assignments done in groups of maximum 3 students

As a result of these learning activities, the students will know how to implement the analytical tools used in policy discussions surrounding labour market policies, understand their strengths and limitations. This will enhance their ability to critically assess the writings of academics and practitioners on these issues and to understand the strengths and weaknesses of some of the proposed solutions.

V. Assessment of Learning

The assessment of learning will comprise several components, weighted as follows:
1. Incoming Survey: 1%
2. Class Participation (Top Hat) 6%
3. On-line Quizzes (5) 15%
4. Empirical Assignments (3): 18%
5. Mid-Term Exam: 25%
6. Final Exam: 35%

Before the beginning of classes, students are asked to complete an incoming survey concerning their background, econometric software skills, and interest in topics pertaining to the class. Students should register in the Top Hat platform before the beginning of classes; it is free to register for this class.

During regular classes, students will be asked to answer 2-3 questions on the Top Hat platform. The responses will carry different weights for correctness and participation as indicated in the questions. Students who experience issues with their devices or miss some classes for one reason or another will be able to answer the Top Hat questions as homework, but will receive 50% of the points.

Students will be asked to complete at home five (5) on-line quizzes on the textbook and class material. The short questions from these six quizzes will offer a good preparation for the exams, which will combine short questions with a few longer analytical questions. The quizzes will be posted on the Thursday and you will have one (1) hour to complete them within the next 24 hours. The correct answers and your score on these quizzes will be posted on CANVAS only after the quizzes have closed.
The Empirical assignments will teach you econometric software (STATA) skills needed to compute and evaluate labour market outcomes. Groups of a maximum of 3 students can hand in a single assignment for the group. You are encouraged to use STATA given that the data and some templates for the exercise will be available on CANVAS. Students proficient in other econometric software (such as R) will be able to use it on their own.

The Midterm and Final exams will comprise a set of short questions, similar to those asked in the quizzes, and a set of longer analytical questions. The short questions are intended to test your overall knowledge of subject matter and conceptual understanding of labour economics models covered in the lectures. The longer questions will test your understanding of the assigned readings and the ability to apply such understanding, as well as that of the key economic concepts to new material, for example, interpretation of tables and graphs.

**Academic Integrity**

As usual, there is a policy of zero tolerance towards academic dishonesty. The **minimum** penalty for any incident of academic dishonesty will be an automatic grade of zero in the relevant course requirement. At my sole discretion, you may have additional marks subtracted from your class grade, receive a grade of zero in the course, and be reported to the faculty for further disciplinary action.

**Dispute Resolution, Missed Assignments, Mid-Terms or Exams**

Students who would like the grader to review their assignments or exams should direct their questions in writing to the grader first. If they are unable to resolve the dispute, the dispute should be directed to the instructor. Students who miss a quiz under valid grounds for **Academic Concessions**, will see the weight of that quiz transferred to the other quizzes. Students who miss the midterm exam under valid grounds for **Academic Concessions**, will see the weight of that exam apply to the final exam. There will be no remake quizzes or differed mid-term exams. Students must contact me via email as soon as they are aware they may need an in-term concession. Please include a Student Self-Declaration form, found on the **Arts Advising website**. Students requiring a second concession must make their request to Faculty Advising Office. Students will not be allowed to miss the final exam for travel reasons. Students who experience ongoing medical and/or learning difficulties should register with **Centre for Accessibility** to get academic accommodations and other supports at UBC. The Center also handles differed final exams.

**University Policies**

UBC provides resources to support student learning and to maintain healthy lifestyles but recognizes that sometimes crises arise and so there are additional resources to access including those for survivors of sexual violence. UBC values respect for the person and ideas of all members of the academic community. Harassment and discrimination are not tolerated nor is suppression of academic freedom. UBC provides appropriate accommodation for students with disabilities and for religious observances. UBC values academic honesty and students are expected to acknowledge the ideas generated by others and to uphold the highest academic standards in all of their actions.

Details of the policies and how to access support are available on **the UBC Senate website**.
VI. Textbook and Readings

The required textbook for this course is available as e-book/loose leafs or hardcover, through McGraw-Hill Connect:


This textbook is co-authored by two of the VSE renowned labour economists, Thomas Lemieux and Craig Riddell, and includes empirical examples drawing on Canadian data. Earlier editions are likely fine, although they include less up to date statistics. The textbook will be supplemented by material from U.S. textbooks as needed,


Journal articles and working papers focusing on a particular topic will provide recent updates on current issues. The reading list below also include additional optional advanced and more in depth readings denoted by the dagger †; they are offered as a guide to the literature for students wishing to pursue the topics in greater details.

Most of the readings are available in electronic form with UBC links using Google scholar for example. If you are connecting from off-campus you may need to use the UBC Library EZproxy server: https://login.ezproxy.library.ubc.ca/login. Additional information will be posted on the course website.

The material students are responsible for will be summarized in the lecture notes. Students are responsible for downloading the course lecture slides and other material in a timely fashion. The material may no longer be available after the end of the term.

The course will involve the use of applied econometrics techniques, and students must learn and use a sophisticated statistical software package. STATA will be the only package supported by the instructor. It is a powerful econometrics package and a still popular choice among economists, despite being relatively old.

Personal version of STATA can be purchased and installed on your own computer. Students can purchase STATA 16 at discounted prices. There are several different types of STATA licenses for students. You may consider buying a six-month or an annual license of STATA/IC. Perpetual licenses are also available. “Small Stata,” on the other hand, is unlikely to suffice. However, older versions of STATA are likely to suffice.

There are also several textbooks for applied econometrics using Stata:


An important advantage of Stata for new users that can be used with a point-click system or a command line one to issue the commands you need. There are several tutorials available on the Stata You-Tube channel (links posted on the course web site).

While it is NOT supported by the instructor, students who have more coding experience might be interested in R as a more cumbersome, but otherwise excellent low-cost (i.e., “free”) alternative to STATA (links posted on the course web site).
VII. Reading List

Note: It is likely that the list of the readings below will be modified to follow the progression and needs of students. Other links to news or opinion articles and reports will be posted on the CANVAS Reading List page.

1. Introduction to Labour Market Economics
   Benjamin et al. Chap. 1 (Review appendices 1-A and 1-B if needed)

PART ONE: Labour Supply

2. Labour Supply: Individual Attachment to the Labour Market
   Benjamin et al. Chap. 2

   Benjamin et al. Chap. 3
   Impact of Income Maintenance Programs: CERB and Universal Basic Income

PART TWO: Labour Demand and Labour Market Equilibrium

4. Demand for Labour in Competitive Labour Markets
   Benjamin et al. Chap. 5

5. Equilibrium in a Single Labour Market
   Benjamin et al. Chap. 7, (except p. 206-210)

6. Impacts of Minimum Wages on Employment
7. Impacts of Immigration on Local Labor Markets
   Benjamin et al. Chap. 11, p.

8. Unemployment
   Benjamin et al. Chap. 16

PART THREE: The Determination of Relative Wages

9. Human Capital Model: Investment in Education
   Benjamin et al. Chap. 9

10. Wage Inequality and the Rise of Skill Premium
    Ehrenberg and Smith. Chap. 15

PART FOUR: Wage Differentials across Groups and Discrimination

11. Theories of Discrimination
    Benjamin et al. Chap. 12

12. Racial and Ethnic Differentials
    Ehrenberg and Smith. Chap. 12

13. Gender Inequality

Benjamin et al. Chap. 12

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