

University of Waterloo
Department of Economics
Econ 351
Labour Economics
Fall 2016
Class Hours, Classroom

Instructor and T.A. Information

Instructor: Ana Ferrer
Office: HH 219
Office Phone: 888-4567, ext. 38771

Office Hours: Monday 1:00-2:00 or by appt
Email: aferrer@uwaterloo.ca

T.A.
Email
Office
Office Hours

Course Description

Labour economics looks at the suppliers of labour services (workers), those demanding labour services (employers), and attempts to understand the resulting pattern of wages, employment, and income. Why not, then study labour markets within microeconomic theory? Several features make labour a singular factor that deserves the development of its own field of study. First is the fact that labour services are provided by individuals and that wage income represents about 2/3 of total income in the industrialized world. This implies far-reaching welfare consequences from the provision of labour services that are not present in the provision of other factors of production. Understanding the workings of the labour market thus sheds light on many economic and social problems including the organization of the household, discrimination, inequality and social exclusion. This course will explore the main aspects of the field of labour economics, including labour supply and demand, theories of human capital, wage formation, wage inequalities and policies on employment. An important part of the course will focus on the empirical research methodology that is generally used by labour economists

Text books and learning material

The course follows the main labour economics text book developed by Canadian labour economists. The textbook will be complemented with article readings on specific topics.

- Benjamin, Gunderson and Riddell, Labor Market Economics (6th Editions or later) McGraw Hil 2007.

For those that wish a more solid background on technical issues, the following textbooks could be of help

- Angrist and Pichske (2008) “Mostly Harmless Econometrics”
- Blau et al, *Economics of Women, Men & Work*, Prentice Hall

Readings Available on LEARN

Please consult

Course Requirements and Assessment

I do not respond to emails asking questions on material taught in class. I am more than happy to spend time explaining and clarifying concepts during office hours or by appointment;

Assessment	Date of Evaluation (if known)	Weighting
Problem Sets	Consult Waterloo Learn	30
Class participation	On going	15
Midterm	Consult Waterloo Learn	25
Final	Consult Waterloo Learn	30
<hr/>		
Total		100%

Problem Sets

The assignments may be done in groups of two students. You are free to discuss and attempt to solve assignment problems by consulting with other groups. However, each group should submit a common answer that is expected to accurately reflect the group’s thought and effort. Copying solutions is not permitted.

Class Participation

Class participation is an important part of your learning experience. You should read assigned material in advance in order to contribute to in-class discussions. Specific assignments (on-line and in-class) will be used to grade your class participation

Course Outline

1. Overview and Empirical techniques

- Angrist and Pischke (2008) “Mostly Harmless Econometrics”
- DiNardo, J. and J.S. Pischke (1997) “The Returns to Computer Use Revisited: Have Pencils Changed the Wage Structure Too?” *Quarterly Journal of Economics*, vol. 112 pp. 291-303
- (*) Fortin, N., D. Green, T. Lemieux, K. Milligan and W. Riddell (2012) “Canadian Inequality: Recent Developments and Policy Actions”, *Canadian Public Policy* vol. 38(2)

2. Labour supply (chapters 2, 3 and 4)

- Baker, B., Gruber, J. and Milligan, K. “Universal Childcare, Maternal Labour Supply and Family Well-being” *JPE* vol 116(4), 2008. <http://www.nber.org/papers/w11832>

3. Labour demand (chapter 5 and 6)

- Hamermesh, D. and S. Trejo (2000), “The Demand for Hours of Labor: Direct Evidence from California”, *The Review of Economics and Statistics*, Vol. 82, No. 1, Pages 38-47

4. Competitive equilibrium and non-competitive settings: Unions and Minimum wages (Chapter 7, 14, 15 and 16)

- Green, D. and Goldberg, M., 1999, “Raising the Floor: The Social and Economic Benefits of Minimum Wages in Canada” , Canadian Centre for Policy Alternatives

5. Wages

5.1 Unions (chapter 14-16)

5.2 Education (chapter 9)

- Ferrer and Riddell (2002). "The Role of Credentials in the Canadian Labor Market". *Canadian Journal of Economics*, November 2002; 35(4): 879-905

5.3 Immigration (chapter 11)

- Card, D. "The Impact of the Muriek Boatlift on the Miami Labour Market" Aspects of Labor Market Behavior: Essays in honor of J. Vanderkamp Toronto University Press

5.4. Gender wage Inequalities (chapter 12)

- Goldin, Claudia. 2006. “The Quiet Revolution That Transformed Women’s Employment, Education, and Family,” *American Economic Review*, 96 (2): 1-21
- Goldin C. (2014) “A Grand Gender Convergence: Its Last Chapter”. *American Economic Review*.104 (4) :1091-1119.
- Goldin, Claudia and Cecelia Rouse. 2000. “Orchestrating Impartiality: The Effect of 'Blind' Auditions on Female Musicians." *American Economic Review* 90(4): 715-741.
- Gneezy, U, Leonard, K.L. and List, J.A. (2009) “Gender Differences in Competition: evidence from a Matrilineal and a Patriarchal Society,” *Econometrica*, 77, 5, 1637-1664

6. Unemployment rates (Chapters 17 and 18)

- Jones, S. and W. Craig Riddell (1999) "The Measurement of Unemployment: An Empirical Approach", *Econometrica*, vol.67 (1) pp. 147-162

Week	Date	Topic	Readings Due
1		<i>Overview and Empirical methods</i>	
2		<i>Overview</i>	
3		<i>Labour Supply</i>	
4		<i>Income maintenance</i>	
5		<i>Labour Demand</i>	
6		<i>Competitive Equilibrium and Non-competitive institutional settings</i>	
7		<i>Unions and institutional factors</i>	
8		<i>Midterm review</i>	
9		<i>Wage determination: Education</i>	
10		<i>Wage determination: Immigration</i>	
11		<i>Wage determination: Gender</i>	
12		<i>Unemployment rates</i>	

Course policy:

1. **Late Work.** Late work will not be accepted under any circumstances. If you email your assignments, electronic documents must be in Word or pdf format. Please ensure that a readable copy reaches me in the time specified in the assignment. If the document is unreadable or cannot be opened you will get a 0 in that assignment.
2. **Information on Plagiarism Detection**
3. **Electronic Device Policy.** Students are welcome to bring laptop computers during class. However, they are only meant to be used in a manner that is relevant to what is being taught and discussed in lectures. Browsing of the internet is not permitted as it can be extremely distracting to me and more importantly, to other students. If relevant, I will notify you whether accessing the internet during class lectures is possible.

Cell phones and any other electronic device that can be used for communication with other individuals or access to the internet must be switched off
4. **Attendance Policy.** Please ensure that you arrive to class in time. Late arrivals are very distracting to me and your class mates. If you consistently arrive late, I will ask you to rearrange your schedule or not come to class.

Institutional-required statements for undergraduate course outlines approved by Senate Undergraduate Council, April 14, 2009

Academic Integrity

In order to maintain a culture of academic integrity, members of the University of Waterloo community are expected to promote honesty, trust, fairness, respect and responsibility. See the [UWaterloo Academic Integrity Webpage \(https://uwaterloo.ca/academic-integrity/\)](https://uwaterloo.ca/academic-integrity/) and the [Arts Academic Integrity Office Webpage \(http://arts.uwaterloo.ca/current-undergraduates/academic-responsibility\)](http://arts.uwaterloo.ca/current-undergraduates/academic-responsibility) for more information.

Grievance

A student who believes that a decision affecting some aspect of his/her university life has been unfair or unreasonable may have grounds for initiating a grievance. Read [Policy 70, Student Petitions and Grievances, Section 4 \(https://uwaterloo.ca/secretariat/policies-procedures-guidelines/policy-70\)](https://uwaterloo.ca/secretariat/policies-procedures-guidelines/policy-70). When in doubt please be certain to contact the department's administrative assistant who will provide further assistance.

Discipline

A student is expected to know what constitutes academic integrity to avoid committing academic offenses and to take responsibility for his/her actions. A student who is unsure whether an action constitutes an offense, or who needs help in learning how to avoid offenses (e.g., plagiarism, cheating) or about "rules" for group work/collaboration should seek guidance from the course professor, academic advisor, or the undergraduate associate dean. For information on categories of offenses and types of penalties, students should refer to [Policy 71, Student Discipline \(http://www.adm.uwaterloo.ca/infosec/Policies/policy71.htm\)](http://www.adm.uwaterloo.ca/infosec/Policies/policy71.htm). For typical penalties check [Guidelines for the Assessment of Penalties \(http://www.adm.uwaterloo.ca/infosec/guidelines/penaltyguidelines.htm\)](http://www.adm.uwaterloo.ca/infosec/guidelines/penaltyguidelines.htm).

Appeals

A decision made or penalty imposed under Policy 70, Student Petitions and Grievances (other than a petition) or Policy 71, Student Discipline may be appealed if there is a ground. A student who believes he/she has a ground for an appeal should refer to [Policy 72, Student Appeals \(http://www.adm.uwaterloo.ca/infosec/Policies/policy72.htm\)](http://www.adm.uwaterloo.ca/infosec/Policies/policy72.htm).

Note for Students with Disabilities

The Office for Persons with Disabilities (OPD), located in Needles Hall, Room 1132, collaborates with all academic departments to arrange appropriate accommodations for students with disabilities without compromising the academic integrity of the curriculum. If you require academic accommodations to lessen the impact of your disability, please register with the OPD at the beginning of each academic term.