

McGill University
Department of Economics

ECON426: Labour Economics
Fall 2022

Instructor Contact Information:

Prof. Sonia Laszlo

LEA 526, Tel.: 398-2102 (e-mail is preferable for reaching me)

sonia.laszlo@mcgill.ca (Please see my e-mail policy below)Office hours: Tuesdays 2:00pm-4:00pm starting Tuesday September 6th in LEA526 (first come first serve)**Regular Classes: Times:** Mondays and Wednesdays 4:05pm-5:25pm (Montreal time). **Room:** ENGMD 280

Teaching Assistant (TA): Peta-Gay Fairclough Campbell (peta-gay.faircloughcampbell@mail.mcgill.ca)
Office Hours: Thursdays 2:00-3:00 LEA111B
Conferences: Thursdays 3:00-4:30 (MCMED 1027) – optional and occasional

Prerequisites: ECON 230D1/D2 or ECON 250D1/D2 or ECON 306 (ECON306D1/D2).**Course Description (e-calendar):**

The determinants of labour supply, demand and the structure of earnings are considered. The economic effects of government policies, such as minimum wage laws, unemployment insurance, welfare and training programs and subsidies to higher education are analyzed. A rigorous theoretical and "hands on" empirical approach is emphasized.

Course Evaluations:

Reading Quizzes (5/8) = 10% (2% each) (see schedule on page 5)

Midterm exam = 40% (October 19, 2021) In class (In case of absence: make-up exam, Date TBA)

Final exam = 50% (Date TBA)

There will be a supplemental examination which will be worth 100% of your final grade.

Description of Course Evaluations:**Reading Quizzes (Submit only 5, 2% each, total 10% - to be submitted via MyCourses - See schedule on page 5):**

Quizzes will be a set of questions related to an assigned paper (indicated with "+" in the reading list and schedule), to be completed *before we discuss the paper in class*. These will be available for 48 hours before the due date. The objective of this evaluation format is to encourage you to do the readings in advance of class and to help call your attention to some of the key contributions of the paper and how they relate to the lecture material. The quizzes are intended to train your ability to interpret results of these papers, as well as to give you the opportunity to give me feedback about what you would like to see explained in more detail about the paper in class. We will review one in class (Farber, 2015) before any of the reading quizzes. You do not have to do all 8 – we will only count your 5 highest marks (so effectively, you only need to submit 5)

Missed quizzes: Since you only need to complete 5 out of the 8 assigned, missing one or two is inconsequential. However, should you miss more than 3 quizzes, there will not be any opportunity for retaking them. If you miss more than 3, I will place the missed weight onto your final exam weight.

Midterm (40%, October 19) and Final (50%, Date TBA) Exams: these will be a combination of True False and Uncertain, problem solving and short essay. You will be tested on course materials, assigned textbook chapters and required readings. The Midterm will cover Topics 1 through 4, and the final exam will be cumulative

Instructional Methods:

- Lectures will review key material from textbook and additional readings
- Conferences will review core concepts from the lectures and materials and take questions and answer. No new material will be covered in these conferences. We strongly encourage you to attend (not mandatory)
- This course is designed in such a way that it is imperative to be on top of readings on schedule.
- All activities are being scheduled to be in-person and synchronous
- Because these are uncertain times, some deviation to the calendar and methods may be necessary and if so they will be announced on MyCourses.

READINGS (*required):

Required Text: Benjamin, Dwayne, Morley Gunderson, Thomas Lemieux, W. Craig Riddell, and Tammy Schirle. Labour Market Economics – Theory, Evidence and Policy in Canada, Ninth Edition, Toronto: McGraw Hill Ryerson, 2021. Henceforth (BGLRS). Available as an e-book (\$59.00+ tax for 180 day access) through the McGill bookstore. It is also available as a hard copy (\$129.95), also available through the bookstore.

All other readings which are hyperlinked below are available through the McGill library website using your VPN connection. Alternatively, these are accessible through Google Scholar but to obtain access, you need to set up google scholar to access gated items. To learn how: <https://www.mcgill.ca/library/services/connect/google-scholar>.

Topic 1: Labour Supply – the Basics

*BGLRS Chapter 2

Aguiar, Mark, Mark Bilal, Kerwin Kofi Charles, Erik Hurst. 2017. "[Leisure luxuries and the labour supply of young men](#)" NBER Working Paper #23552.

* Brodeur, Abel and Kerry Neild. 2018. "[An empirical analysis of taxi, Lyft and Uber rides: Evidence from weather shocks in NYC](#)" *Journal of Economic Behaviour and Organization* Vol. 152: 1-16.

*Farber, Henry. 2015. "[Why you can't find a taxi in the rain and other labor supply lessons from cab drivers](#)" *Quarterly Journal of Economics* Vol. 130 (4): 1975-2026.

Topic 2: Labour Supply – Policy

*BGLRS Chapter 3

* Baker, Michael, Jonathan Gruber, and Kevin Milligan. 2008. "[Universal Child Care, Maternal Labor Supply, and Family Well-Being](#)" *Journal of Political Economy* Vol. 116(4): 709-745

** Kobel, Kourtney, and Tammy Schirle. 2016. "[The Differential Impact of Universal Child Benefits on the Labour Supply of Married and Single Mothers.](#)" *Canadian Public Policy* Vol. 42 (1): 9-64.

Topic 3: Labour Supply – Life-Cycle

*BGLRS Chapter 4

** Bailey, Martha. 2006. "[More Power to the Pill: the impact of contraceptive freedom on women's life-cycle labor supply](#)" *Quarterly Journal of Economics* Vol 121 (1): 289-320.

Topic 4: Labour Demand

*BGLRS Chapter 5

** Beaudry, Paul, David A. Green, and Ben M. Sand. 2018. "[In Search of Labor Demand](#)." *American Economic Review*, 108 (9): 2714-57.

* Lichter, Andreas, Andreas Peichl, Sebastian Sieglöcher. 2015 "[The own-wage elasticity of labor demand: A meta-regression analysis](#)" *European Economic Review* Vol. 80: 94-119

Topic 5: Labour Demand – Extensions

*BGLRS Chapter 6

Lemieux, Thomas, Kevin Milligan, Tammy Schirle and Mikal Skuterud. 2020. "[Initial Impacts of the COVID-19 Pandemic on the Canadian Labour Market](#)" *Canadian Public Policy* Vol. 46(S1): S55-S65

** Mas, Alexandre and Amanda Pallais. 2018. "[Valuing Alternative Work Arrangements](#)" *American Economic Review* Vol. 107(12): 3722-3759.

Topic 6: Labour Market Equilibrium

* BGLRS Chapter 7

** Derenoncourt, Ellora and Claire Montialoux. 2021. "[Minimum Wages and Racial Inequality](#)" *Quarterly Journal of Economics* Vol. 136 (1): 169-228.

* Saez, Emmanuel, Benjamin Schoefer, and David Seim. 2019. "[Payroll Taxes, Firm Behavior, and Rent Sharing: Evidence from a Young Workers' Tax Cut in Sweden](#)" *American Economic Review* Vol. 109 (5): 1717-1763

Cengiz, Doruk, Arindrajit Dube, Attila Lindner, Ben Zipperer. 2019. "[The Effect of Minimum Wages on Low-Wage Jobs](#)" *Quarterly Journal of Economics* Vol 134 (3): 1405-1454.

Topic 7: Human Capital

*BGLRS Chapter 9

** Oreopoulos, Philip, Till von Wachter, and Andrew Heisz. 2012. "[The Short- and Long-Term Career Effects of Graduating in a Recession](#)" *American Economic Journal: Applied Economics* Vol. 4(1): 1-29

Topic 8: Immigration

*BGLRS Chapter 11

* Clemens, Michael and Jennifer Hunt. 2019. "[The Labor Market Effects of Refugee Waves: Reconciling Conflicting Results](#)" *ILR Review* Vol. 72 (4): 818-857.

Topic 9: Gender Wage Gap:

*BGLRS Chapter 12

** Cook, Cody, Rebecca Diamond, Jonathan Hall, John List, and Paul Oyer. 2021. "[The Gender Earnings Gap in the Gig Economy: Evidence from over a Million Rideshare Drivers](#)" *Review of Economic Studies* Vol. 88(5): 2210-2238

Fortin, Nicole. 2019. "[Increasing earnings inequality and the gender pay gap in Canada: Prospects for convergence](#)" *Canadian Journal of Economics* Vol. 51(2): 407-440.

PRELIMINARY COURSE SCHEDULE:

Date	Topic	Required Readings before class
31-Aug	Welcome	Chp 1 (on your own)
05-Sep	NO CLASS – LABOUR DAY	
07-Sep	1. Labour Supply Basics	Chp 2
12-Sep	1. Labour Supply Basics	Chp 1 appendix + handout
14-Sep	1. Labour Supply Basics	Chp 2, Brodeur and Nield (2018), Farber (2015)
19-Sep	2. Labour Supply - Policy	Chp 3,
21-Sep	2. Labour Supply - Policy	Chp 3, Baker et al. (2008), + Koebel and Schirle (2016)
26-Sep	2. Labour Supply - Policy	Chp 3
28-Sep	3. Labour Supply - Life-cycle	Chp 4,
03-Oct	3. Labour Supply - Life-cycle	Chp 4, + Bailey (2006)
05-Oct	4. Labour Demand	Chp 5,
10-Oct	NO CLASS - THANKSGIVING	
12-Oct	NO CLASS – FALL BREAK	
13-Oct	4. Labour Demand	Chp 5, + Beaudry et al. (2018), Lichter et al. (2015)
17-Oct	4. Labour Demand / Review	Chp 5
19-Oct	MIDTERM EXAMINATION	
24-Oct	5. Labour Demand - Extensions	Chp 6, + Mas and Pallais (2018), Saez et al. (2019)
26-Oct	5. Labour Demand - Extensions	Chp 6
31-Oct	6. Labour Market Equilibrium	Chp 7,
01-Nov	6. Labour Market Equilibrium	Chp 7, Cenzig et al. (2019), + Dereroncourt and Montialoux (2021)
07-Nov	7. Human Capital	Chp 9
09-Nov	7. Human Capital	Chp 9, + Oreopoulos et al. (2012)
14-Nov	7. Human Capital	Chp 9
16-Nov	8. Immigration	Chp 11
21-Nov	8. Immigration	Chp 11, + Clemens and Hunt (2019)
23-Nov	9. Gender pay gap	Chp 12
28-Nov	9. Gender pay gap	Chp 12, + Cook et al. (2021), Fortin (2019)
30-Nov	9. Gender pay gap	Chp 12,
05-Dec	Review	--

Notes:

- Topics might spill over from one lecture/week to the next if necessary
- Some of the (optional) readings may be updated due to the rapidly evolving changes in the labour market.
- The instructor maintains discretion regarding changes in this outline
- Readings indicated with + are eligible for the reading quiz. See next page for schedule.

Key dates:

- Sept 13: Add/Drop Deadline
- Nov 7: Change to Eastern Standard Time

TA Conferences: TA conferences will take place occasionally to review course materials and readings and to take questions and answers, and some problem solving. Conference attendance is strongly encouraged but not mandatory.

READING QUIZ SCHEDULE (via MyCourses):

	Choose any 5 out of 8	Assigned (5pm)	Due (5pm)
Topic 2	Keobel and Schirle (2016)	Sept 18	Sept 20
Topic 3	Bailey (2006)	Sept 30	Oct 2
Topic 4	Beaudry et al. (2018)	Oct 7	Oct 9
Topic 5	Mas and Pallais (2018)	Oct 21	Oct 23
Topic 6	Derenoncourt and Montialoux (2021)	Oct 29	Oct 31
Topic 7	Oreopoulos et al. (2012)	Nov 6	Nov 8
Topic 8	Clemens and Hunt (2019)	Nov 18	Nov 20
Topic 9	Cook et al. (2021)	Nov 25	Nov 27

Learning Outcomes: By the end of this semester, students in this class will:

- Understand the determinants of labour supply.
- Understand the determinants of labour demand.
- Understand how the labour market equilibrium is determined.
- Gain proficiency in analysing the impacts of key labour policies
- Be able to read and interpret labour economics research papers.
- Be knowledgeable about the key theories of and empirical evidence on selected labour economics topics such as human capital, immigration and the gender gap

Expectations for Student Participation:

- It is important for you to attend the lectures, if you miss any lecture it is your responsibility to obtain notes from classmates
- I encourage you to participate during classes and to ask questions.
- A discussion page will be made available on *MyCourses* as well.

MyCourses:

- This course utilizes *MyCourses* for course management and posting of relevant materials. Please check the website on a regular basis for announcements, ideally prior to each class.
- **It is your responsibility to stay well-informed of course management and announcements on *MyCourses*.**

Academic Policies:

- **Academic Integrity:** *McGill University values academic integrity. Therefore all students must understand the meaning and consequences of cheating, plagiarism and other academic offences under the Code of Student Conduct and Disciplinary Procedures (see www.mcgill.ca/students/srr for more information).*

L'université McGill attache une haute importance à l'honnêteté académique. Il incombe par conséquent à tous les étudiants de comprendre ce que l'on entend par tricherie, plagiat et autres infractions académiques, ainsi que les conséquences que peuvent avoir de telles actions, selon le Code de conduite de l'étudiant et des procédures disciplinaires (pour de plus amples renseignements, veuillez consulter le site www.mcgill.ca/students/srr).

- **A Note about the final exam:** *According to Senate regulations, instructors are not permitted to make special arrangements for final exams. Please consult the Calendar, section 4.7.2.1, General University Information and Regulations at www.mcgill.ca.*
- **Copyright of course materials:** © Instructor generated course materials (e.g., handouts, notes, summaries, exam questions, etc.) are protected by law and may not be copied or distributed in any form or in any medium without explicit permission of the instructor. Note that infringements of copyright can be subject to follow up by the University under the Code of Student Conduct and Disciplinary Procedures.
- In accord with McGill University's Charter of Students' Rights, students in this course have the right to submit in English or in French any written work that is to be graded.

- As the instructor of this course I endeavor to provide an inclusive learning environment. However, if you experience barriers to learning in this course, do not hesitate to discuss them with me and the Office for Students with Disabilities, 514-398-6009.
- Additional policies governing academic issues which affect students can be found in the McGill Charter of Students' Rights (online at <http://ww2.mcgill.ca/students-handbook/chapter1.html>)

My e-mail policy: I will try to reply to your e-mail within 48 hours. However, given the large number of students in all my classes, this will not always be possible. Also, please keep the e-mails short and simple:

Short e-mails to which I can answer 'yes' or 'no' will be answered more quickly.

Long e-mails that require long answers may or may not be answered, and are likely to take longer to answer. If your query is that involved, please see the TA or during our virtual office hours.

Please check the FAQs and the discussion page first, before you e-mail, to see if your question or concern is answered there.

My Office Hours: I will be holding office hours on Tuesdays from 2:00pm to 4:00pm, in person (LEA526) starting September 6th

My Re-read policy:

We understand that mistakes occasionally happen. We do our very best to ensure fair grading and to minimize errors. Nevertheless, if you disagree with the grade you have received in your quiz or problem set, you may opt to have it re-read. Before you do, please make sure you first carefully compare your answers to the solutions we provide you. To request a re-read, you must submit to me (the instructor, not the TAs) your graded assessment with a written justification for the re-read, specifying the question which you felt was incorrectly graded. I will then re-read and reassess the answer. Please note your grade may go up, down, or stay the same. I may also review the entire assessment. This written request for re-read must be submitted within 7 days of receiving the grade. Policies on final exam re-reads are determined by the Faculty of Arts.

Important Miscellanea:

- 1) **COVID-19:** Please review and follow the [Health Guidelines for Students](#), and it is imperative that you understand when to stay home if, for example, you are experiencing COVID-19 symptoms. Please consult these guidelines regularly for any updates to protocols.
- 2) **Class participation:** Class participation is encouraged. Please raise your hand if you wish to speak. Because of the class size, it will not always be possible to take up all of your questions.
- 3) **Please be considerate and cooperative with your classmates:** please arrive to class on time (preferably a few minutes before).

In the event of extraordinary circumstances beyond the University's control, the content and/or evaluation scheme in this course is subject to change.

McGill University is on land which has long served as a site of meeting and exchange amongst Indigenous peoples, including the Haudenosaunee and Anishinabeg nations. We acknowledge and thank the diverse Indigenous people whose footsteps have marked this territory on which peoples of the world now gather."