

Econ 781: Labor Economics I

Winter 2020

Instructor: Siha Lee

Email: lees223@mcmaster.ca

Office : KTH 433

Office Hours: by appointment

Lecture: Tuesday 12:30 – 3:20 pm, KTH 334

CONTENTS

Course Description	1
Prerequisites	2
Course Materials and Texts	2
Avenue to Learn.....	2
Course Evaluation – Overview	3
Course Evaluation – Details	3
Referee reports (30%).....	3
Presentation (30%)	3
Final Paper (40%)	3
Course Policies	4
Grades	4
Grade Adjustment Techniques	4
Submission of Assignments	4
Late Assignments.....	4
Absences, Missed Work, Illness (MSAF).....	5
University Policies.....	5
Academic Integrity Statement.....	5
Academic Accommodation of Students with Disabilities	5
Academic Accommodation for Religious, Indigenous and Spiritual Observances.....	5
Faculty of Social Sciences E-mail Communication Policy.....	5
Course Modification	6
Weekly Course Schedule (and/or important dates)	6

COURSE DESCRIPTION

This is a graduate-level course in labor economics designed for MA, MAEP, and Ph.D. students in Economics. The course will cover core topics in labor economics. By the end of this course,

students should be able to analyze various labor market issues and start their own research projects in labor economics.

PREREQUISITES

First-term graduate work in Economics.

COURSE MATERIALS AND TEXTS

There are no required textbooks for this course. Instead, there will be a reading list that lists required readings (mainly journal articles) for each of the topics that are covered in this course. The reading list will be available on Avenue to Learn. Students are expected to have read the required readings independently *prior* to the corresponding lecture.

Given that this is a graduate-level course, students are expected to know (or independently learn) materials typically covered in undergraduate-level labor economics. If a refresher on undergraduate-level labor economics is needed, here are some recommended textbooks to refer to.

- *Labour Market Economics*, 8th edition, by Dwayne Benjamin, Morley Gunderson, Thomas Lemieux, and William Craig Riddell (McGraw-Hill Ryerson, 2017)
- *Labor Economics*, 8th edition, by George J. Borjas (McGraw-Hill Ryerson, 2019)
- *Modern Labor Economics: Theory and Public Policy*, 13th edition, by Ronald G. Ehrenberg and Robert S. Smith (Routledge, 2017)

The following are supplementary texts regarding applied econometric methods.

- *Mostly Harmless Econometrics: An Empiricist's Companion*, by Joshua D. Angrist and Jörn-Steffen Pischke (Princeton University Press, 2009)
- *Econometric Analysis of Cross Section and Panel Data*, 2nd edition, by Jeffrey M. Wooldridge (The MIT Press, 2010)
- *Microeconometrics: Methods and Applications*, by A. Colin Cameron and Pravin K. Trivedi (Cambridge University Press, 2005)

AVENUE TO LEARN

Course materials and announcements will be posted on the Avenue to Learn website (<http://avenue.mcmaster.ca>). Students are responsible for checking the Avenue to Learn website regularly in order to be up to date with any changes to the course.

Students should be aware that, when they access the electronic components of this course, private information such as first and last names, user names for the McMaster e-mail accounts, and program affiliation may become apparent to all other students in the same course. The available information is dependent on the technology used. Continuation in this course will be deemed consent to this disclosure. If you have any questions or concerns about such disclosure please discuss this with the course instructor.

COURSE EVALUATION – OVERVIEW

1. Referee reports - 30%
2. Presentation – 30%
3. Final Paper - 40%

COURSE EVALUATION – DETAILS

Referee reports (30%)

Students are expected to submit a total of **three** referee reports throughout the semester. Each referee report will be worth 10% of the grade. For each referee report, students should choose a (recent) labor paper from a general interest journal, field journal, or a leading working paper series that is related to the topics covered in this course. The referee report should be 2-4 pages in length and

- summarize the paper's research question(s), the methodology used to answer the question(s), and the main results and implications, and
- provide comments on whether the methodology is adequate, whether the derived results are plausible, and if there are any suggestions to further improve the paper.
- Additionally, the referee report may discuss further policy implications that the paper has (e.g., if the paper is based on institutional settings in the US, how applicable would the paper's results be in a different country, say Canada or your home country?)

Presentation (30%)

The last two weeks of the course are reserved for student presentations. Everyone is expected to give a 10- to 15-minute presentation of their final paper (see below for the final paper requirement). In-class presentations will be held prior to the deadline for the final paper so students should regard the presentation as an opportunity to receive feedback and improve the final paper.

Final Paper (40%)

Students should choose **one** out of the two following options as their paper requirement.

1. Policy report (4-6 pages): This is recommended for students who are more interested in policy-relevant work. The policy report should be of the student's original work, **NOT** a summary of an existing policy report. Students should choose a current labor market issue of their interest and provide
 - an overview of the issue summarizing key data patterns, and
 - a policy analysis of the issue. Students should summarize the current policies (if there are any) that aim at resolving the issue, whether these policies are backed by related academic research, and how effective these policies have been. If there aren't any policies that effectively address the issue and/or there is room for further improvements, students can suggest areas of further research as well as make policy recommendations.

2. Research proposal (4-6 pages): This is recommended for Ph.D. students interested in majoring in labor economics or MA students who plan on pursuing doctoral work and would like to get a head start in research. The research proposal should describe
- a clear and original research question that the student plans to answer,
 - why the research question is important and/or interesting, and how the proposed research project fits into the existing literature,
 - the methodology for answering the research question (e.g., model, econometric method, data set), and
 - if available, preliminary results or motivating analyses

COURSE POLICIES

Grades

Grades will be based on the McMaster University grading scale:

MARK	GRADE
90-100	A+
85-90	A
80-84	A-
77-79	B+
73-76	B
70-72	B-
67-69	C+
63-66	C
60-62	C-
57-59	D+
53-56	D
50-52	D-
0-49	F

Grade Adjustment Techniques

The university grading system will be used as a benchmark but a combination of distributional and absolute adjustments may be used to determine the course grades.

Submission of Assignments

Referee reports should be submitted *in class* on the due date **(Jan 28th, Feb 25th, and March 31st)**. Students may also submit referee reports *in advance of the due date* by scheduling a date and time to drop by the instructor's office. Electronic submissions (e.g., sent via email) of referee reports will not be accepted.

The final paper is due by **April 21st** and should be sent to the instructor via email.

Late Assignments

Late assignments (referee reports and final paper) will not receive any credit unless the missed work is due to legitimate reasons (refer to the following subsection on absences, missed work, and illness).

Absences, Missed Work, Illness (MSAF)

This course follows the Faculty of Social Sciences' policies on absences and missed work, which can be found at <https://socialsciences.mcmaster.ca/current-students/absence-form>. It is the student's responsibility to be aware of these policies and follow them accordingly. As outlined in the Faculty of Social Sciences' policies, students are responsible for contacting the instructor as soon as possible in the event of missed academic work in order to be given consideration. Failure to do so may result in no consideration given for the missed work (i.e., a zero grade).

UNIVERSITY POLICIES

Academic Integrity Statement

You are expected to exhibit honesty and use ethical behavior in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity.

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behavior can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: "Grade of F assigned for academic dishonesty"), and/or suspension or expulsion from the university.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various types of academic dishonesty please refer to the [Academic Integrity Policy](#).

The following illustrates only three forms of academic dishonesty:

1. Plagiarism, e.g. the submission of work that is not one's own or for which credit has been obtained.
2. Improper collaboration in group work.
3. Copying or using unauthorized aids in tests and examinations.

Academic Accommodation of Students with Disabilities

Students who require academic accommodation must contact Student Accessibility Services (SAS) to make arrangements. Academic accommodations must be arranged before classes or academic work begins, and for each term of study. Student Accessibility Services can be contacted by phone 905-525-9140 ext. 28652 or e-mail sas@mcmaster.ca. For further information, consult McMaster University's Policy for [Academic Accommodation of Students with Disabilities](#).

Academic Accommodation for Religious, Indigenous and Spiritual Observances

Students who require academic accommodation due to an Observance must submit a RISO form to their Faculty office, electronically or in person, normally within ten working days from the beginning of each term in which they are anticipating a need for Accommodation. For further information, consult McMaster University's [Policy on Academic Accommodation for Religious, Indigenous and Spiritual Observances](#).

Faculty of Social Sciences E-mail Communication Policy

Effective September 1, 2010, it is the policy of the Faculty of Social Sciences that all e-mail communication sent from students to instructors (including TAs), and from students to staff,

must originate from the student's own McMaster University e-mail account. This policy protects confidentiality and confirms the identity of the student. It is the student's responsibility to ensure that communication is sent to the university from a McMaster account. If an instructor becomes aware that a communication has come from an alternate address, the instructor may not reply at his or her discretion.

Course Modification

The instructor and university reserve the right to modify elements of the course during the term. The university may change the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check his/her McMaster email and course websites weekly during the term and to note any changes.

WEEKLY COURSE SCHEDULE (AND/OR IMPORTANT DATES)

Week 1 ~ 3

Labor Supply

Estimation of labor supply elasticities, life-cycle model, retirement decisions, the effect of government programs on labor supply

Week 4

Labor Demand

Effect of minimum wage

Week 5 ~ 6

Equilibrium Wage and Employment Determination

Roy model and selection, compensating differentials

Week 7 ~ 9

Human Capital

Human capital accumulation and earnings, Ben-Porath model, returns to education

Week 10

Unemployment

Job search

Week 11 ~ 12

Student presentations