

York University
Faculty of Liberal Arts & Professional Studies
Department of Economics
Fall 2021

Course # and Title

AP/ECON 3249 A Labour Economics: Theory

Course Webpage

<https://eclass.yorku.ca/>

Course Instructor/Contact

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Lecture Time and Location

Time: M 11:30-2:30
Location: SLH B

Prerequisite / Co-requisite

Prerequisites: AP/ECON 1000 3.00 and AP/ECON 1010 3.00 or equivalents. Course credit exclusions: AP/ECON 3249 3.00, GL/ECON 3540 3.00. PRIOR TO FALL 2009: Course credit exclusions: AK/ECON 3610 3.00, AS/ECON 3240 3.00, AS/ECON 3249 3.00, GL/ECON 3550 3.00.

Course Description

Applies economic theory to labour markets. Topics include labour force participation, demand for and supply of labour, the effects of market structure on wages and employment, investment in education and training, worker mobility, theories of discrimination in the labour market, and unemployment.

Weighting of Course

Course grades will be based on a midterm exam and a final exam. Your grade will be calculated as the **greater** of the following: (1) 40% writing assignment, 20% midterm exam, 40% final exam; (2) 40% writing assignment, 60% final exam. The midterm will be held on **November 1st** during class time. The date of the final exam is TBD.

Missed exams/Tests

A student who misses the midterm exam will have ONE opportunity to write a make-up midterm the following week. A student who misses the make-up midterm date will receive a grade of zero, and the weight from the midterm will be transferred to the final exam. A deferral for the final exam will be granted **only for medical reasons**. In such cases students should submit a deferred exam application together with the supporting documents (attending physician's statement) to the economics department to my attention. The date and time of the deferred exam will be set at a later date. Students who may require further extensions or accommodation will have to submit a formal petition to the Faculty.

Writing Assignment

You will write one 1,500-2,000 word critique of one of the theoretical models developed in class. Your critique should be constructed as an essay, with an introductory paragraph that previews your key arguments, followed by 3-5 main body paragraphs that develop your arguments in more detail, and ending with a final paragraph and summarizes your key points and concludes.

A good critique will address at least a few of the following questions:

- 1) What are the essential assumptions in the model? Are these assumptions realistic? Are they falsifiable?
- 2) What are the model's key predictions? Are these realistic?
- 3) How would you go about testing the predictions of the model? Why might this be difficult, in practice?
- 4) Can you imagine a different model that might generate similar predictions through a different mechanism?
- 5) What do we learn from the model that we didn't already know?

You don't need to appeal to outside sources; however, if you do, be sure to cite them appropriately. Your arguments should be self contained, well thought out, precise, and well supported.

Late Assignments

The writing assignment is due on **November 22, 2021**. Late assignments will receive a grade penalty according to the following formula: an assignment that is D business days late will lose $5 \cdot (\ln(D) + 1)$ percentage points. Assignments that have not been submitted by June 10th will receive a grade by zero.

Grading

The grading scheme for the course conforms to the 9-point grading system used in undergraduate programs at York (e.g., A+ = 9, A = 8, B+ = 7, C+ = 5, etc.). Tests will bear either a letter grade designation or a corresponding number grade (e.g. A+ = 90 to 100, A = 80 to 90, B+ = 75 to 79, etc.) I reserve the right to make adjustments to this grading scheme if necessary.

Course Text / Readings

The text for the course is **Benjamin, Gunderson, Lemieux, and Riddell, *Labour Market Economics*, 9th edition** (abbreviated BGLR below). Secondary readings are listed in the course schedule below and will be linked from the course website.

Problem Sets

Problem sets will be posted on the course website. These problem sets will not be graded; however, you are very strongly encouraged to work through them. They are intended to be practice for the midterms and final exam.

Important Course Information for Students

All students are expected to familiarize themselves with the following information, available on the Senate Committee on Curriculum & Academic Standards webpage;

<http://www.yorku.ca/secretariat/policies/index-policies.html/>

- York's Academic Honesty Policy and Procedures/Academic Integrity Website
- Ethics Review Process for research involving human participants
- Course requirement accommodation for students with disabilities, including physical, medical, systemic, learning and psychiatric disabilities
- Student Conduct Standards
- Religious Observance Accommodation

Course Outline and Approximate Schedule

Dates	Topics	Supplementary Reading
Sept 13	Introduction	BGLR ch 1
Sept 20	Labour Supply – basic theory	BGLR ch 2
Sept 27	Labour Supply -- applications - public policy - labour supply over the life cycle	BGLR ch 3 & 4 Papers: - Eissa, N and JB Liebman (1996), "Labor Supply Response to the Earned Income Tax Credit," <i>Quarterly Journal of Economics</i>, 111(2): 605-637 - Goldin, C and L Katz (2002), "The Power of the Pill: Oral Contraceptives and Women's Career and Marriage Decisions," <i>Journal of Political Economy</i>, 110(4): 730-770
Oct 4	Labour Demand	BGLR ch 5
Oct 18	Equilibrium in the Labour Market - competitive markets - monopoly & monopsony	BGLR ch 7 Paper: - Card, D and A Krueger (1994), "Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania," <i>American Economic Review</i>, 84(4): 772-793
Oct 25	Human Capital	BGLR ch 9
Nov 1	Midterm	
Nov 8	Human Capital -- empirical challenges and applications	Papers: - Ashenfelter, O and A Krueger (1994), "Estimates of the Economic Return to Schooling from a New Sample of Twins," <i>American Economic Review</i>, 84(5): 1157-1173 Angrist, J and A Krueger (1991), "Does Compulsory School Attendance Affect Schooling and Earnings?" <i>Quarterly Journal of Economics</i> , 106(4): 979-1014
Nov 15	Economics of Immigration	BGLR ch 11 Paper: - Card, D (1990), "The Impact of the Mariel Boatlift on the Miami Labor Market," <i>Industrial and Labor Relations Review</i>, 43(2): 245-257
Nov 22	Race and Gender in the Labour Market Writing Assignment Due	BGLR ch 12
Nov 29	Race and Gender in the Labour Market (cont'd) Unemployment	Paper: - Bertrand, M and S Mullainathan (2004), "Are Emily and Greg More Employable than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination," <i>American Economic Review</i>, 94(4): 991-1013 BGLR ch 16
Dec 6	Unemployment (cont'd) Final Exam review	