

ECON 409
WORKERS, JOBS AND WAGES
Department of Economics
University of Waterloo
Winter 2022

When the new academic term begins on January 5, we will start teaching and learning online. We expect to return to in-person experiences as of January 27, as public health conditions allow. Please note that I have organized the course so as to minimize the adverse impact of any unanticipated cancellations of in-person meetings. Specifically, all assignments can be submitted online and there are no synchronous exams, and all necessary course material is available via LEARN.

MEETINGS

Lecture time: Tuesday and Thursday, 8:30 – 9:50

Lecture location: RCH 211

INSTRUCTOR INFORMATION

Instructor: Francisco M. Gonzalez

Office: Hagey Hall 130

E-mail: francisco.gonzalez@uwaterloo.ca

OFFICE HOURS

While remote delivery lasts, I will hold synchronous office hours every Thursday from 9:00 to 10:00 via Webex.

COURSE DESCRIPTION

This is an advanced course in macroeconomics for undergraduate students. The objective of the course is to provide the foundations of a theoretical framework that is useful to understand the distribution of earnings. The Winter 2022 iteration of Econ 409 emphasizes the role of skills and technology, the gig economy and the Covid-19 crisis.

EVALUATION

Student performance will be evaluated as follows:

8 individual assignments:

4 critical reviews: 45%

4 problem sets: 25%

4 group assignments: 30%

Below is the list of assignments and their due dates. Late submission of assignments is not accepted.

COURSE OUTLINE

1 Self-selection

Roy, Andrew: "Some thoughts on the distribution of earnings," *Oxford Economic Papers*, June 1951, 135-146.

2 Equalizing wage differentials

Rosen, Sherwin: "The equilibrium approach to labor markets," NBER Working Paper No. 1165, July 1983.

3 Local labor markets

Roback, Jennifer: "Wages, rents, and the quality of life," *Journal of Political Economy*, December 1982, 1257-1278.

4 Human capital and technology

Autor, David: "Skills, education and the rise of earnings inequality among the other 99 percent," *Science*, May 2014, 843-851.

Kaplan, Steven and Joshua Rauh: "It's the market: the broad-based rise in the return to top talent," *Journal of Economic Perspectives*, Summer 2013, 35-56.

5 Unemployment

Davis, Steven, Jason Faberman and John Haltiwanger: "The flow approach to labor markets: new data sources and micro-macro links," *Journal of Economic Perspectives*, Summer 2006, 3-26.

Hoynes, Hilary, Douglas Miller, and Jessamyn Schaller: “Who suffers during recessions?” *Journal of Economic Perspectives*, Summer 2012, 27-48.

6 Jobs versus careers

Carrington, William and Bruce Fallick: “Why do earnings fall with job displacement?” *Industrial Relations*, October 2017, 688-722.

7 Alternative work arrangements

Boeri, Tito, Giulia Giupponi, Alan Krueger and Stephen Machin: “Solo self-employment and alternative work arrangements: a cross-country perspective on the changing composition of jobs,” *Journal of Economic Perspectives*, Winter 2020, 170-195.

8 Covid-19 crisis

Albanesi, Stephania and Jiyeon Kim: “Effects of the COVID-19 Recession on the US Labor Market: Occupation, Family, and Gender,” *Journal of Economic Perspectives*, Summer 2021, 3-24.

Chetty, Raj, John N. Friedman, Nathaniel Hendren, Michael Stepner, and the Opportunity Insights Team: “The economic impacts of COVID-19: evidence from a new public database built using private sector data,” Harvard University, November 2020.

WEEKLY SCHEDULE

Week 1 (Jan. 6): introduction

Week 2 (Jan. 11 – Jan. 13): self-selection

Week 3 (Jan. 18 – Jan. 20): compensating differentials

Week 4 (Jan. 25 – Jan. 27): local labor markets

Week 5 (Feb. 1 – Feb. 3): skill premium

Week 6 (Feb. 8 – Feb. 10): earnings inequality

Week 7 (Feb. 15 – Feb. 17): labor market stocks and flows

Week 8 (Feb. 22 – Feb. 24): READING WEEK

Week 9 (March 1 – March 3): unemployment fluctuations

Week 10 (March 8 – March 10): jobs versus careers

Week 11 (March 15 – March 17): alternative work arrangements

Week 12 (March 22 – March 24): the gig economy

Week 13 (March 29 – March 31): the Covid-19 crisis

Week 14 (April 5): conclusion

ASSIGNMENTS

Detailed information about each assignment is found in LEARN under “Assignments”.

Individual assignments

Critical reviews:

- R1. (5%) Discuss Roy (1951) (due Jan. 10).
- R2. (10%) Discuss Autor (2014) and Kaplan and Rauh (2013) (due Feb. 11).
- R3. (10%) Discuss Boeri et al. (2020) (due March 18).
- R4. (20%) Discuss the COVID-19 crisis (due April 5).

Problem sets:

- P1. (5%) Self-selection (due Jan. 14).
- P2. (5%) Equalizing differences (due Jan. 21).
- P3. (5%) Skill premium (due Feb. 4).
- P4. (10%) Search and matching (due Feb. 18).

Group assignments

- G1. (5%) Discuss “Gitlab Salary Formula” (due Jan. 28).
- G2. (10%) Discuss Davis et al. (2006) and Hoynes et al. (2012) (due Feb. 28).
- G3. (5%) Discuss Carrington and Fallick (2017) (due March 11).
- G4. (10%) Discuss “The Gig Economy” (due March 25).

Statements and links to be included on all course outlines:

[Economics Department Deferred Final Exam Policy](#)

Cross-listed course

Please note that a cross-listed course will count in all respective averages no matter under which rubric it has been taken. For example, a PHIL/PSCI cross-list will count in a Philosophy major average, even if the course was taken under the Political Science rubric.

Academic Integrity

Academic Integrity: In order to maintain a culture of academic integrity, members of the University of Waterloo are expected to promote honesty, trust, fairness, respect and responsibility. See the [UWaterloo Academic Integrity](#) webpage and the [Arts Academic Integrity](#) webpage for more information.

Discipline: A student is expected to know what constitutes academic integrity, to avoid committing academic offences, and to take responsibility for his/her actions. A student who is unsure whether an action constitutes an offence, or who needs help in learning how to avoid offences (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. When misconduct has been found to have occurred, disciplinary penalties will be imposed under Policy 71 – Student Discipline. For information on categories of offenses and types of penalties, students should refer to [Policy 71 - Student Discipline](#). For typical penalties check [Guidelines for the Assessment of Penalties](#).

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. When in doubt, please be certain to contact the department’s administrative assistant who will provide further assistance.

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](#).

Accommodation for Students with Disabilities

Note for students with disabilities: [The AccessAbility Services office](#), located on the first floor of the Needles Hall extension (1401), 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 AS office at the beginning of each academic term.

If you are using Turnitin® in your course

Turnitin.com: Text matching software (Turnitin®) will be used to screen assignments in this course. This is being done to verify that use of all material and sources in assignments is documented. Students will be given an option if they do not want to have their assignment

screened by Turnitin®. In the first week of the term, details will be provided about arrangements and alternatives for the use of Turnitin® in this course.

Note: students must be given a reasonable option if they do not want to have their assignment screened by Turnitin®. See [guidelines for instructors](#) for more information.

Outlines for ECON 101 and 102 must include the following statement:

It is the responsibility of students to ensure that they write exams in the location, date, and time assigned to their section. Students writing exams in the wrong section will be assessed a 20% penalty on the final exam grade. There will be no accommodation for possible differences in exam material or content.

(The above statement is also recommended for ECON 201, 206 and 207)

NEW – Recommended statements to be included on course outlines

Mental Health Support

All of us need a support system. The faculty and staff in Arts encourage students to seek out mental health supports if they are needed.

On Campus

- Counselling Services: counselling.services@uwaterloo.ca / 519-888-4567 ext 32655
- [MATES](#): one-to-one peer support program offered by Federation of Students (FEDS) and Counselling Services
- Health Services Emergency service: located across the creek from Student Life Centre

Off campus, 24/7

- [Good2Talk](#): Free confidential help line for post-secondary students. Phone: 1-866-925-5454
- Grand River Hospital: Emergency care for mental health crisis. Phone: 519-749-433 ext. 6880
- [Here 24/7](#): Mental Health and Crisis Service Team. Phone: 1-844-437-3247
- [OK2BME](#): set of support services for lesbian, gay, bisexual, transgender or questioning teens in Waterloo. Phone: 519-884-0000 extension 213

Full details can be found online at the Faculty of ARTS [website](#)

Download [UWaterloo and regional mental health resources \(PDF\)](#)

Download the [WatSafe](#) app to your phone to quickly access mental health support information

Territorial Acknowledgement

We acknowledge that we are living and working on the traditional territory of the Attawandaron (also known as Neutral), Anishinaabeg and Haudenosaunee peoples. The University of Waterloo is situated on the Haldimand Tract, the land promised to the Six Nations that includes six miles on each side of the Grand River.