

**ECO 462 Economics of Compensation**  
Spring Semester 2024

Professor Riley Acton  
(she/her/hers)

MW 2:50-4:10pm  
FSB 0027

**Contact Information**

Office Location      FSB 3018  
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Office Hours      MW 1:30-2:30pm or by appointment

*Office hours are a dedicated time for you to meet with me to ask questions and explore points of confusion or interest that cannot be fully addressed in class. Please email me if you need to set up an alternative time to meet.*

**Course Description**

This course offers an introduction to the economic analysis of labor markets, focusing on the practical application of economic theory and empirical analysis. During the first half of the course, we will examine how the conventional supply and demand framework can be adapted to the study of the labor market. Within this framework, we will investigate the motivations behind individuals' participation in the workforce, firms' hiring decisions, and the determinants of workers' compensation packages. During the second half of the course, we will examine why labor market outcomes vary across individuals and demographic groups. We will consider the impact of choices related to education, occupation, and location, as well as the existence of labor market discrimination. Our analysis will culminate in an examination of how these factors have contributed to increasing earnings inequality in the United States. Given the political and academic significance of these topics, we will allocate time throughout the semester to discuss current events and recent economic literature that relate to these issues.

***Student Learning Outcomes:*** Upon successful completion of this course, students will be able to: (1) explain a broad range of topics that fall under the purview of labor economics, (2) apply microeconomic principles to the study of the labor market, (3) read and comprehend empirical studies on labor market phenomena, and (4) communicate original analyses and empirical findings to diverse audiences.

**Prerequisites**

**Required:** ECO 315 (Intermediate Microeconomic Theory)

**Recommended:** ECO 311 (Examining Economic Data & Models)

*This course requires a firm understanding of microeconomic theory and a rudimentary understanding of data analysis and statistics. If you have any concerns about your background or do not meet the prerequisites, please contact me as soon as possible.*

## Course Materials

We will be closely following the 9<sup>th</sup> edition of *Labor Economics* by George Borjas. All other course materials, including required readings, will be posted on Canvas and/or Perusall. I will make lecture slides available on Canvas after each class.

## Course Schedule

Below is the **tentative** course schedule for this semester, including the textbook chapters we will cover, assignment deadlines, and exam dates. Note that this schedule may change, so you should always refer to our Canvas page for the most up-to-date assignments and deadlines.

Week	Day	Date	Material	Assignments & Events
1	M	1/29	Introduction (Syllabus)	
1	W	1/31	Introduction (Ch. 1)	
2	M	2/5	Labor Supply (Ch. 2)	Perusall/Reading How-To
2	W	2/7	Labor Supply (Ch. 2)	
3	M	2/12	Labor Supply (Ch. 2)	
3	W	2/14	Labor Supply (Ch. 2)	Goldin (2020)
4	M	2/19	Labor Demand (Ch. 3)	
4	W	2/21	Labor Demand (Ch. 3)	BLS speaker visit
5	M	2/26	Labor Demand (Ch. 3)	Dube (2019)
5	W	2/28	Equilibrium (Ch. 4)	
6	M	3/4	Equilibrium (Ch. 4)	
6	W	3/6	Equilibrium (Ch. 4)	DHH (2022)
7	M	3/11	Equilibrium (Ch. 4)	
7	W	3/13	Flex Day	<b>OA Part I due (Friday, 3/15)</b>
8	M	3/18	Review	
8	W	3/20	<b>EXAM 1 – Chapters 2, 3, 4</b>	
	M	3/25	<b>SPRING BREAK – NO CLASS</b>	
	W	3/27		
9	M	4/1	Job Attributes (Ch. 5)	
9	W	4/3	Flex Day	
10	M	4/8	Job Attributes (Ch. 5)	Lee & Taylor (2019)
10	W	4/10	Human Capital (Ch. 6)	
11	M	4/15	Human Capital (Ch. 6)	Webber (2021)
11	W	4/17	Labor Mobility (Ch. 8)	
12	M	4/22	Labor Mobility (Ch. 8)	Derenoncourt (2022)
12	W	4/24	Discrimination (Ch. 9)	
13	M	4/29	Discrimination (Ch. 9)	B&M (2004)
13	W	5/1	Inequality (Ch. 7)	<b>OA Part II due (Friday, 5/3)</b>
14	M	5/6	Inequality (Ch. 7)	SZB (2022)
14	W	5/8	Review	
Finals Week			<b>EXAM 2 – Chapters 5, 6, 7, 8, 9</b>	

## **Course Assignments**

Your course grade will be determined by your participation in and performance on exams, writing assignments, readings, and in-class assignments. Details of these components are provided below.

### **1. Exams (50% of grade)**

We will have two in-class exams during the semester, as listed in the schedule above. Each will contain a mix of short answer and problem-solving questions based on the material covered in lectures, in-class assignments, and readings. Your higher exam score will count for 30% of your final grade and your lower will count for 20%.

### **2. Group Writing Assignments (30% of grade)**

In groups of 2-3 students, you will complete two related writing assignments that ask you to analyze the labor market for an occupation of your choice. Assignments will be due via Canvas on Friday, March 15 and Friday, May 2, respectively. Please see the assignment guidelines on Canvas for detailed instructions and requirements.

### **3. Perusall readings (10% of grade)**

For each textbook chapter that we cover, we will examine an empirical research paper by economists on a related topic. All readings will be posted on Perusall (see link in the Canvas sidebar), a collaborative annotation tool that has been shown to boost student engagement, comprehension, and understanding. You will be required to: (1) complete the readings on the Perusall platform by the start of class the day they are assigned and (2) highlight, and leave comments on, portions of the text that you found interesting, confusing, particularly relevant to class discussions, etc. These annotations will appear publicly to both me and the class, and you will also be able to respond to and upvote your classmates' comments.

For each assignment, you will receive a score of 0, 1, or 2 points based on the time you spend actively reading the assigned paper and the quality of annotations you contribute. Your final grade for Perusall assignments will be a summation of your grades on the 8 individual reading assignments, with your lowest score dropped.

### **4. In-class assignments (10% of grade)**

Every few classes, there will be a brief assignment to gauge your understanding of the course material. You will work in groups to complete the assignment and your grade will depend on your active participation and thoughtful responses to the questions. These assignments are also designed to incentivize class attendance, so, unless extenuating circumstances arise, no make-up assignments will be provided. However, I will drop your lowest grade at the end of the semester.

## **Course Grading Scale**

Your final course grade will be calculated as follows:

$$0.3*(\text{Higher Exam Grade}) + 0.2*(\text{Lower Exam Grade}) + 0.15*(\text{Writing Assignment I}) \\ + 0.15*(\text{Writing Assignment II}) + 0.1*(\text{Perusall Grade}) + 0.1*(\text{In-Class Assignment Grade})$$

Below is the planned grading scale for the course. I reserve the right to modify the scale to ensure a reasonable average and grade distribution, but will only do so in a way that benefits students (e.g., lowering the grade needed for an A- from 90% to 88%).

Letter	GPA	Min.	Letter	GPA	Min.	Letter	GPA	Min.
A+	4.00	97%	B-	2.70	80%	D+	1.30	67%
A	4.00	93%	C+	2.30	77%	D	1.00	63%
A-	3.70	90%	C	2.00	73%	D-	0.70	60%
B+	3.30	87%	C-	1.70	70%	F	0.00	< 60%
B	3.00	83%						

## **Other Course Policies**

### **Attendance:**

In accordance with the Miami University Student Handbook, I expect students to attend class sessions regularly and *strongly* believe it is the best way to learn the course material. If you know that you will not be in class, please email me to make appropriate arrangements for missed work.

### **Health and Safety:**

If you are ill, please do not come to class. Instead, please contact [Student Health Services](#) and email me to make appropriate arrangements for missed work.

### **Academic Integrity:**

One of the goals of this course is to prepare you for future careers and advanced study within economics, so it is essential that you develop a solid understanding of the material. To that end, while collaboration and discussion on readings and course topics are encouraged, copying others' work (including work directly generated by artificial intelligence tools) on assignments is not. For more details on academic integrity, please see the university's academic [integrity policy](#), the [FSB Honor Code](#), and the generative AI policy posted on Canvas.

### **Classroom Conduct:**

It is our collective responsibility to create a classroom environment that is conducive to learning. Please limit behaviors that may inhibit your own learning and/or that of your peers, such as excessive talking, arriving late or leaving early, or using electronic devices for non-course purposes. If you know you will need to do something that may be disruptive to others (e.g., arrive late or leave early), please inform me beforehand and take precautions to minimize distractions (e.g., sit by the door).

### **Inclusive Climate:**

I consider this classroom to be a place where you will be treated with respect, and I welcome individuals of all ages, backgrounds, beliefs, ethnicities, genders, gender identities, gender expressions, national origins, religious affiliations, sexual orientations, ability – and other visible and nonvisible differences. All members of this class are expected to contribute to a respectful, welcoming, and inclusive environment for every other member of the class.

## **Additional Resources**

### **Basic Needs:**

If you face challenges securing food or housing and believe this may affect your performance in the course, I urge you to contact the [Student Success Center](#) at 513-529-007 or [studentsuccess@MiamiOH.edu](mailto:studentsuccess@MiamiOH.edu) for support. In addition, you are welcome to contact me regarding any outside-of-class challenges you face to allow me to best support you throughout the semester.

### **Disability Services:**

If you are a student with a disability and feel you may need a reasonable accommodation to fulfill the essential functions of this course, you are encouraged to connect with [Student Disability Services](#) (SDS) via their website or by email at [SDS@MiamiOH.edu](mailto:SDS@MiamiOH.edu). SDS provides accommodations and services for students with a variety of disabilities, including physical, medical, and psychiatric disabilities. You are encouraged to contact SDS as early as possible during the semester to learn more about the affiliation process and procedures for requesting accommodations.

### **Mental Health Services:**

Miami University is committed to the emotional and mental health needs of our students. As such, there are many resources available for you if you are experiencing concerns such as anxiety, depression, relationship problems, substance abuse, or other mental health issues impacting your ability to learn. The [Student Counseling Service](#) (513-529-4634) offers confidential mental health counseling and medication services for full-time Oxford students, including same-day emergency services. If you are experiencing any emotional difficulty, please contact them for support. For emergencies outside of normal business hours, the Butler County Crisis Hotline (844-427-4747) is available 24 hours/day, 7 days/week.

### **Lauren's Promise:**

Lauren McCluskey, a 21-year-old student at the University of Utah and the daughter of economist Jill McCluskey, was murdered on October 22, 2018 by a man she briefly dated. I am committed to making sure this does not happen again. If you are ever in immediate danger, call 911. If you or someone you know is experiencing sexual assault, domestic violence, stalking, or harassment, you can start with the University's short [guide on what to do if you or someone you know has been harassed or assaulted](#), the [Resource Guide for sexual assault](#) and you can read about [how to report sexual assault](#). For a full description of support services, see Miami's [Title IX Protocol](#) and The [Office of Equity & Equal Opportunity](#).

Please note that as a faculty member, I am a mandated reporter, meaning that I am obligated to report any information I become aware of regarding alleged acts of sexual discrimination, including sexual violence and dating violence, to the Title IX office. For confidential support, you can contact [Women Helping Women](#)'s 24-hour crisis hotline by calling or texting 513-381-5610.

## **Reading List**

(\* denotes required reading on Perusall)

### **Labor Supply (Borjas, Chapter 2):**

\* Nobel Prize Committee (2023). "History helps us understand gender differences in the labour market."

- Video of lecture here: <https://www.youtube.com/watch?v=RBkLI5i-OC8>

### **Labor Demand (Borjas, Chapter 3):**

\* Dube (2019). "Impacts of Minimum Wages: Review of International Evidence." Report prepared for Her Majesty's Treasury (UK). Chapters 3 & 4.

Cengiz et al. (2019). "The Effect of Minimum Wages on Low-Wage Jobs." *Quarterly Journal of Economics*.

### **Labor Market Equilibrium (Borjas, Chapter 4):**

\* Dillender, Heinrich, & Houseman (2022). "Effects of the Affordable Care Act on Part-Time Employment: Early Evidence." *Journal of Human Resources*.

### **Compensating Differentials (Borjas, Chapter 5):**

\* Lee & Taylor (2019). "Randomized Safety Inspections and Risk Exposure on the Job: Quasi-experimental Estimates of the Value of a Statistical Life." *American Economic Journal: Economic Policy*.

Lavetti (2023). Compensating Wage Differentials in Labor Markets: Empirical Challenges and Applications. *Journal of Economic Perspectives*.

### **Human Capital (Borjas, Chapter 6):**

\* Webber (2016). "Are college costs worth it? How ability, major, and debt affect returns to schooling." *Economics of Education Review*.

Tough (2023). "Americans Are Losing Faith in the Value of College. Whose Fault Is That?" *New York Times Magazine*. <https://www.nytimes.com/2023/09/05/magazine/college-worth-price.html>.

Deming (2023). "The College Backlash Is Going Too Far." *The Atlantic*. <https://www.theatlantic.com/ideas/archive/2023/10/college-degree-economic-mobility-average-lifetime-income/675525/>

### **Labor Mobility (Borjas, Chapter 8):**

\* Derenoncourt (2022). "Can You Move to Opportunity? Evidence from the Great Migration." *American Economic Review*.

Jia et al. (2023). "The Economics of Internal Migration: Advances and Policy Questions." *Journal of Economic Literature*.

### **Labor Market Discrimination (Borjas, Chapter 9):**

\* Bertrand & Mullainathan (2004). "Are Emily and Greg More Employable Than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination." *American Economic Review*.

Neumark (2018). "Experimental Research on Labor Market Discrimination." *Journal of Economic Literature*.

### **Inequality (Borjas, Chapter 7):**

\* Saez, Zucman, & Blanchet (2022). "Tracking US Inequality in Real Time." National Bureau of Economic Research Working Paper No. 30229.