

ECO 462 Economics of Compensation
Spring Semester 2025

Professor Riley Acton
(she/her/hers)

T/Th 1:15-2:35pm
FSB 0003

Contact Information

Office Location FSB 3018
Email Address actonr@miamioh.edu

Office Hours T/Th 11:00am-12:30pm 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 9th 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 Canvas for the most up-to-date assignments and deadlines.

Week	Day	Date	Material	Perusall Readings	Infographic Assignment
1	T	1/28	Intro		
1	Th	1/30	Labor Supply (Ch. 2)		
2	T	2/4	Labor Supply (Ch. 2)		
2	Th	2/6	Labor Supply (Ch. 2)	Goldin (2024)	
3	T	2/11	Labor Demand (Ch. 3)		
3	Th	2/13	Labor Demand (Ch. 3)		
4	T	2/18	Labor Demand (Ch. 3)	Dube (2019)	
4	Th	2/20	Equilibrium (Ch. 4)		Occ. Selection due 2/21
5	T	2/25	Equilibrium (Ch. 4)	DHH (2022)	
5	Th	2/27	Equilibrium (Ch. 4)		
6	T	3/4	Review		
6	Th	3/6	EXAM 1 – Chapters 2, 3, 4		
7	T	3/11	Job Attributes (Ch. 5)		
7	Th	3/13	Group Work Day*		
8	T	3/18	Job Attributes (Ch. 5)		
8	Th	3/20	Job Attributes (Ch. 5)	Lee & Taylor (2019)	
9	T	3/25	Spring Break		
9	Th	3/27	Spring Break		
10	T	4/1	Human Capital (Ch. 6)		
10	Th	4/3	Human Capital (Ch. 6)		Outline due 4/4
11	T	4/8	Human Capital (Ch. 6)		
11	Th	4/10	Human Capital (Ch. 6)	Deming (2022)	
12	T	4/15	Discrimination (Ch. 9)		
12	Th	4/17	Discrimination (Ch. 9)		
13	T	4/22	Discrimination (Ch. 9)	B & M (2004)	
14	Th	4/24	Inequality (Ch. 7)		
14	T	4/29	Inequality (Ch. 7)	Binder & Bound (2019)	
14	Th	5/1	Group Work Day*		
15	T	5/6	Infographic Presentations		
15	Th	5/8	Review		
Thursday, 5/15			EXAM 2 – Chapters 5, 6, 7, 9		

* Group Work Day = no in-class lecture; use time to work on Infographic Assignment with your group

Course Assignments

Your course grade will be determined by your participation in and performance on two exams, a group project, 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, on Thursday, March 6, and on Thursday, May 15 (during final exam week). 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. Infographic Assignment (30% of grade)

Throughout the semester, you will work in teams of 4-5 students to create an infographic that analyzes the labor market of an occupation of your choice. Assignments will be due via Canvas on Friday, February 21; Friday, April 4; and Tuesday, May 6. Please see the assignment guidelines on Canvas for detailed instructions and requirements.

3. Perusall readings (10% of grade)

For each textbook chapter we cover, we will read a scholarly article 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 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 attendance and active participation. Since these assignments are designed to incentivize class attendance, no make-up assignments will be provided unless extenuating circumstances arise. 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:

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

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 [Miami University policy](#) and the [FSB Statement of Student Expectations](#), I expect students to attend class sessions regularly and *strongly* believe it is the best way to learn the course material. If you know ahead of time that you will miss a class session – particularly one that conflicts with an exam or assignment deadline -- please email me as far in advance as possible to alternative arrangements.

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 are strongly encouraged, copying others' work (including work directly generated by artificial intelligence tools) on assignments is not. For more details, please see the university's [academic integrity policy](#), the [FSB Honor Code](#), and the policy on use of generative AI tools 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., arriving late or leaving 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 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. 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):

* Goldin, Claudia (2024). "Nobel Lecture: An Evolving Economic Force." *American Economic Review*.

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):

* Deming (2022). "Four Facts about Human Capital." *Journal of Economic Perspectives*.

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 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):

* Binder & Bound (2019). "The Declining Labor Market Prospects of Less-Educated Men." *Journal of Economic Perspectives*.