

**Semester:** Spring 2019

**Meeting Times & Location:** MW 12:30-2:50pm

**Instructor:** Claudia Macaluso

**Email:** cm88@illinois.edu

**Office Location:** DKH 12

**Office Hours:** M 2:30-3:20pm

Please always indicate your intention to visit office hours via [cm88.youcanbook.me](https://cm88.youcanbook.me) and do so at least 2 hours in advance, as this helps organizing office hours optimally and avoiding crowding out. You can also book OH slots via email or in-person during class. I reserve the right to change the office hours schedule, and this will be announced to students in class and via e-mail.

## Course Description

This is a course in Applied Macroeconomics that focuses on topics related to the labor market. It is aimed at advanced undergraduate students who are familiar with essential micro- and macro-economic concepts, such as marginal rate of substitution, elasticity, welfare, aggregate demand and supply, equilibrium, efficiency.

The course will cover recent trends in aggregate labor market dynamics, including the disappearance of middle-skill jobs and the causes of a decline in opportunities for low-skill workers, the role of human capital and skill accumulation in employment and wage outcomes, aggregate imbalances between the demand and supply of labor (mismatch), and labor markets in developing economies.

The learning material is divided in five macro-modules:

- (i) the Flow Approach to Labor Markets and the Consequences of Job Loss
- (ii) the Low Skill Labor Market: Secular Trends and Business Cycle Fluctuations
- (iii) the Great Recession and Mismatch in the US Labor Market
- (iv) Monopsony and Employers' Hiring Behavior
- (v) Labor Markets in Poor Countries

The last module will be covered only if time permits.

## Prerequisites

Familiarity with constrained optimization, fundamental micro- and macro-economic concepts, and intermediate statistics and econometrics.

ECON 302 and/or ECON 303; ECON 203 required.

ECON 471 recommended but not required.

## Learning Outcomes

The goals for this course are to introduce students to:

- important topics and empirical methods in the modern macroeconomics of labor markets
- a variety of data sources about employment and jobs

- skills to interpret and discuss sociological and political statements, civic debates, and news about the labor market

Some of the new economic concepts you will learn are:

- job finding rate, separation rates, job-to-job transitions, and labor market fluidity
- employment, unemployment, non-employment, intensive and extensive margins of employment choices, occupational mobility, the “layoff scar”
- skill bias technical change, import penetration, job polarization
- vacancies, labor market tightness, matching technology, mismatch

We will also treat the following empirical topics:

- administrative and survey data, panel data
- exogeneity and selection bias, shift-share instruments, instrumental variable techniques

### Textbook/Other Required Materials

There is no textbook for this class. Therefore, class attendance is key. I strongly recommend attending all classes and participating actively. Specifically, ask questions whenever something is unclear: chances are others have the same question, and the whole class will benefit.

As far as study material goes, you can expect to rely strongly on class notes and problem sets in order to study for exams. There will be a review session before the midterm and before the final where additional study material will be provided in class.

### Exams and grading

There will be an in-class midterm, an in-class final, and at least 5 problem sets (one per macro-module). The completion time for problem sets is typically 2-3 weeks.

Grades will be based on effort, originality/ insight, execution, and clarity. They will be expressed out of 100 points. Grades will be determined as follows:

- 20% of the grade will be on the homework assignments;
- 10% of the grade will be class participation and discussion;
- 70% of the grade will be  $\max\{50\%\text{midterm}+50\%\text{final}, \text{final}\}$

For example, a student who did very well in homework assignments and class attendance, scored 60/100 in the midterm, and 70/100 in the final will have a final score of:

$$0.2*100+0.1*100+0.7*\max\{0.5*60+0.5*70, 70\}=20+10+0.7*\max\{65,70\}=30+0.7*70=30+49=79$$

The minimum passing grade is 33/100. Typically, A students score at or above 90/100.

**Midterm Exams:** February 27, 2019 12:30-1:50pm

**Final Exam:** TBA

It is the student’s responsibility to confirm Exam dates, times, and locations. Final Exam Information is provided on the Course Explorer and Registrar’s Website midway into the semester: <https://registrar.illinois.edu/final-exam-schedule-public>

### Exam Conflicts

It is not possible to schedule a make-up exam for the midterm. If you cannot or do not wish to attend the midterm, your grade will be based on your final only. If you have a conflict for the final exam, please

send an e-mail to me, your undergraduate advisor, and Melissa Newell by week 12. The Registrar's office will provide an alternative arrangement.

*Student Code Evening/Midterm/Hourly Exams:* [http://studentcode.illinois.edu/article3\\_part2\\_3-202.html](http://studentcode.illinois.edu/article3_part2_3-202.html)

*Student Code Final Exams:* [http://studentcode.illinois.edu/article3\\_part2\\_3-201.html](http://studentcode.illinois.edu/article3_part2_3-201.html)

### **Course Policies**

Problem sets and other assignments are due at the beginning of class on the specified date, and those handed in later than 10 minutes from the official class start time will not be accepted. Exceptions can be made only for extraordinary, grave occurrences and documented illness.

Problem sets can be handed in individually or in groups of at most 3 people. Study groups need not be fixed over time, it is fine to work one week with some people and one week with another, as long as no more than 3 people at a time work together.

It is acceptable to send electronic copies of assignments and problem sets to my illinois.edu e-mail if the answers are typed in Word, LaTeX, or similar typesetting aides. However, please note that pictures or scanned copies of hand-written assignments will not be accepted. In addition, make sure that the document you send is not encrypted, password-protected, damaged, or otherwise compromised. If I cannot open it, it will not be accepted as valid.

If handing in a hand-written copy of your assignment, make sure all parts are clearly legible. Use clear paper and blue or black ink only. Pencil is not accepted, as it tends to fade and blur.

Please do not be late for class, as this disrupts everyone's workflow and learning process. Repeated tardiness will be frowned upon and may impact your grade through diminished class participation.

### **Academic Assistance**

Students are encouraged to utilize the many resources we have throughout campus to assist with academics. I recommend that you seek them out starting early in the semester, not just in times of academic need, in order to develop good study habits and submit work which represents your full academic potential. Many resources may be located on the Economics Website, including information about the Economics Tutoring Center, other tutoring centers, etc :

<http://www.economics.illinois.edu/undergrad/resources/accassistance/>

### **Academic Integrity**

According to the Student Code, 'It is the responsibility of each student to refrain from infractions of academic integrity, from conduct that may lead to suspicion of such infractions, and from conduct that aids others in such infractions.' Please know that it is my responsibility as an instructor to uphold the academic integrity policy of the University, which can be found here:

[http://studentcode.illinois.edu/article1\\_part4\\_1-401.html](http://studentcode.illinois.edu/article1_part4_1-401.html)

Academic dishonesty may result in a failing grade. Every student is expected to review and abide by the Academic Integrity Policies. Ignorance is not an excuse for any academic dishonesty. It is your responsibility to read this policy to avoid any misunderstanding. Do not hesitate to ask the instructor(s) if you are ever in doubt about what constitutes plagiarism, cheating, or any other breach of academic integrity.

Read the full Student Code at the following URL: <http://studentcode.illinois.edu/>

## Students with Disabilities

To obtain disability-related academic adjustments and/or auxiliary aids, students with disabilities must contact the course instructor and the Disability Resources and Educational Services (DRES) as soon as possible. To contact DRES you may visit 1207 S. Oak St., Champaign, call 333-4603 (V/TTY), or e-mail a message to [disability@illinois.edu](mailto:disability@illinois.edu)  
DRES Website: [www.disability.illinois.edu/](http://www.disability.illinois.edu/)

## Emergency Response Recommendations

Emergency response recommendations can be found at the following website: <http://police.illinois.edu/emergency-preparedness/>. I encourage you to review this website and the campus building floor plans website within the first 10 days of class. <http://police.illinois.edu/emergency-preparedness/building-emergency-actionplans/>.

## Family Educational Rights and Privacy Act (FERPA)

Any student who has suppressed their directory information pursuant to Family Educational Rights and Privacy Act (FERPA) should self-identify to the instructor to ensure protection of the privacy of their attendance in this course. See <http://registrar.illinois.edu/ferpa> for more information on FERPA. Student information and records will not be released to anyone other than the student, unless the student has provided written approval or as required by law. More information may be found here: [http://studentcode.illinois.edu/article3\\_part6\\_3-602.html](http://studentcode.illinois.edu/article3_part6_3-602.html).

## Sexual Misconduct Reporting Obligation

The University of Illinois is committed to combating sexual misconduct. Faculty and staff members are required to report any instances of sexual misconduct to the University's Title IX and Disability Office. In turn, an individual with the Title IX and Disability Office will provide information about rights and options, including accommodations, support services, the campus disciplinary process, and law enforcement options. A list of the designated University employees who, as counselors, confidential advisors, and medical professionals, do not have this reporting responsibility and can maintain confidentiality, can be found here: <http://www.wecare.illinois.edu/resources/students/#confidential>.

Other information about resources and reporting is available here: <http://wecare.illinois.edu/>.

## Student Support

The Counseling Center is committed to providing a range of services intended to help students develop improved coping skills in order to address emotional, interpersonal, and academic concerns. Please visit their website to find valuable resources and services: <https://counselingcenter.illinois.edu/>.

### **Counseling Center Information:** 217-333-3704

Location: Room 206, Student Services Building 610 East John Street, Champaign, IL

Appointment: Scheduled for same day, recommend calling at 7:50 a.m.

### **McKinley Mental Health Information:** 217-333-2705

Location: 3rd Floor McKinley Health Center 1109 South Lincoln, Urbana, IL

Hours: 8 a.m. – 5 p.m., Monday through Friday Appointment: Scheduled in advance.

**Emergency Dean:** The Emergency Dean may be reached at (217) 333-0050 and supports students who are experiencing an emergency situation after 5 pm, in which an immediate University response is needed and which cannot wait until the next business day. The Emergency Dean is not a substitute for trained emergency personnel such as 911, Police or Fire. If you are experiencing a life threatening emergency, call 911. Please review the Emergency Dean procedures: <http://odos.illinois.edu/emergency/>

**Academic Dates and Deadlines**

Students should make note of important academic dates for making changes to their courses (add, drop, credit/no-credit, grade replacement, etc.). <https://registrar.illinois.edu/academic-calendars>  
Please check with your academic department regarding specific procedures and policies.