

ECON 5390 LABOR ECONOMICS

Semester: Spring 2017

Class time: Monday 3:00pm – 5:50pm

Class period: February 6, 2017 – May 8, 2017

Lecture room: LSK 1032

Homepage addresses: <https://canvas.ust.hk/courses/11770> Office hours: open-door policy

<https://canvas.ust.hk/courses/11770/pages/econ-5390-labor-economics>

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TEXTBOOKS

Required:

Kenneth McLaughlin (2014): *Labor Economics: Principles in Practice*. Oxford.

William Neilson (2015): *Personnel Economics*.

References:

Ronald G. Ehrenberg and Robert S. Smith (2015): *Modern labor economics: theory and public policy*. (12th edition) Pearson.

George Borjas (2013): *Labor Economics*. (6th edition) McGraw-Hill.

Pierre Cahuc and André Zylberberg (2004): *Labor Economics*. MIT.

OBJECTIVE

This course presents a theoretical and empirical analysis of labor markets, utilizing primarily the tools developed in microeconomics and econometrics. We will investigate how wages are determined in various labor markets and study the effects of private and public policies on wages and unemployment. Issues about human capital and labor market discrimination will be studied. We will also examine how employers can design compensation packages, incentive contracts, and performance evaluations for their employees.

INTENDED LEARNING OUTCOMES

It is intended that, after completing this course, students will be able to:

1. Identify economic critical thinking
2. Utilize labor economics to explain pertinent economic and social phenomena
3. Carry out independently applied research in economic and social problems of the labor market
4. Apply economic theory to practical human resources situations and make sound economic decisions
5. Recognize cultural diversity on labor issues

6. Formulate informed ethical thinking based on rigorous economic and social analyses
7. Communicate effectively
8. Be a lifelong user of economic analysis

TEACHING APPROACH

This course is primarily delivered through lectures and class discussions.

CLASSROOM ETIQUETTE

Students are expected to attend class regularly and on time, and to participate actively in class discussions. Other common-sense classroom etiquette, such as turning off or silencing mobile phones during class time, is expected.

HOMEWORK

There will be three homework assignments. You are allowed, and indeed encouraged, to discuss the homework with your classmates, but **you must write the answers by yourself**. All parties involved in plagiarism will severely be punished. Late homework will not be accepted.

GRADING

There will be a final exam. No makeup exams will be given. The weights determining the course grade are as follows.

Class participation	4%
Three homework assignments	21%
Final exam	75%

COURSE OUTLINE

- Overview of the Labor Market (Chapter 1)
- The Demand for Labor (Chapter 4)
- The Supply of Labor (Chapter 3)
- Labor Market Equilibrium (Chapter 2)
- Compensating Wage Differentials (Chapter 5)
- Human Capital (Chapters 6 and 7)
- Labor Market Discrimination (Chapter 8)
- Human Resources and Personnel Economics (Chapter 11)
- Wage Distribution (Chapter 10)

TEACHING ASSISTANT

Teaching assistant: Mr. Thomas AU YEUNG
 Office: LSK 6066
 E-mail: ecthomas@ust.hk

OPTIONAL ESSAY

To experience the joy (as well as pain) of scientific inquiry and to train your writing skills, you can choose to submit a research essay. The essay is optional.

Requirements and pointers:

1. The theme of the essay is any topic in labor economics.
2. Choose the topic you enjoy most. Do it with passion and fun!
3. This is an individual essay, i.e., not a group project.
4. The length of the essay is preferably no more than 10 pages of double-spacing text (e.g., Times New Roman 12 size fonts). Additional supporting materials like references, tables, data, and diagrams can be appended to the text.
5. A good essay should have two key elements: a good topic and a good analysis. You should have at least one of them in your essay. A good topic is especially important. As emphasized by Levitt and Dubner (2005, p.xi), "Economics is a science with excellent tools for gaining answers but a serious shortage of interesting questions." Therefore, if you can come up with an interesting topic or interesting questions, then you will secure a good score for your essay. On the other hand, if your topic is rather standard, then the score will depend very much on your analysis.
6. More emphasis will be put on original ideas and insights.
7. An updated data analysis of a published article is acceptable.
8. A literature review with a perceptive critique is acceptable.
9. You are not required to provide a definitive answer to all the questions raised in your essay. It is perfectly acceptable that some puzzles are not yet satisfactorily solved.
10. Do not plagiarize. The punishment is severe. You must write the essay by yourself and give credit to where it is due.
11. Econometric analysis is welcome. Nevertheless, it is not necessary to write a quantitative essay because collecting data and analyzing them are no easy tasks. Sometimes the data may not even exist.
12. Ideas and insights are important especially when good data are not available.
13. The structure of the essay should contain the following sections: **I. Introduction** (introduce your topic), **II. Literature Review** (review relevant studies on your topic), **III. Analysis** (theory, model, explanation, implication, prediction, empirical evidence, strengths and weaknesses of your analysis), **IV. Conclusion**, and **V. References**.
14. Check your grammar and spelling.
15. For your literature review, the following are some suggested search engines and databases (some are effective only on on-campus computers):
(a) [Google](#) (b) [Google Scholar](#) (c) [JSTOR](#) (d) [ScienceDirect](#) (e) [SpringerLink](#) (f) [HKALL](#)