ECON 4234 Labour Economics and Human Resources
Fall 2018
Hong Kong University of Science & Technology
Course website: https://canvas.ust.hk

Course Syllabus

Class meetings  Tue & Thu  4:30 – 5:50 pm  LSK 1003
Tutorials  Tue  3:00 – 3:50 pm  LSK 1003

Instructor
Professor Sujata VISARIA  Tel: 23587608
Department of Economics  E-mail: svisaria@ust.hk
LSK 6081  Office hours: Tue 9:30 – 11:00 am

Teaching Assistants
YANG Zhongchao
Department of Economics  E-mail: zyangam@connect.ust.hk
LSK 4063  Office hours: Mon 9:00 – 10:30 am

Rayan Nait MAZI  E-mail: rnaitmazi@connect.ust.hk

Course description

Labour is a factor of production. But it is a special factor of production, because it is provided by human beings. Humans voluntarily make labour supply decisions. Also, labour market outcomes translate directly into human wellbeing.

Labour economics is a study of how labour markets function and the determinants of outcomes such as the extent of employment and the wage level. It also analyses the impacts of immigration, minimum wages and collective bargaining, among other issues.

Topics we will cover include education & training, labour supply and welfare programmes, minimum wages, discrimination and incentive pay for work. All topics will be motivated by real-world examples and policy questions, so that you can see how the study of labour economics can enhance our understanding of how the world works.

This course will also have an integral “experiential” module. This module will give students a taste of how academics in empirical microeconomics carry out research. We will start with a research question, discuss possible answers to this question, and then conduct the primary research needed to collect evidence for or against these answers. Students will split into teams, and each team will work on particular aspects of this exercise. There will be multiple presentations and discussions. We will then collate and synthesize what we have learned.
Course Intended Learning outcomes (CILOs)

Students who complete this course successfully will be able to:

1. define key concepts related to labour markets
2. discuss different theories about the role of human capital in labour markets
3. explain the optimisation process behind labour demand, analyse labour market equilibria and welfare programmes
4. understand and explain the effects of minimum wages on labour market outcomes
5. analyse the causes and consequences of labour market discrimination
6. analyse the role of piece-rates, tournaments and efficiency wages in incentivising worker effort
7. experience and appreciate the process of academic research, communicate own thoughts and analysis about economic phenomena and economic logic in written and oral formats

Prerequisites

You must have taken at least ECON 3133 (previously known as ECON 200) or ECON 3014 (previously known as ECON 214) or equivalent courses successfully to enrol in this course.

I will assume that you know core concepts in calculus and microeconomics. Please review these if you feel uncertain.

Learning resources

- Lecture notes will be posted on the course website. However, it is possible that some material discussed in class does not appear in the lecture notes. However it will still be tested!
- We will use the course website for announcements, communications about the research experience module, to post assignments and your homework and quiz scores. Please check it regularly.
- The textbook for the course is George Borjas’s Labor Economics (Seventh Edition). The book is available for sale at the campus bookstore. I expect you to read the relevant sections of the book. (Exact section numbers will be provided in the lecture notes.) If I refer to any additional material during
class, I will provide references to it on the course website, but it will not be required reading.

- The research experience module is, by its very nature, difficult to pin to a single textbook. However we will do a literature search related to the research question. Each research team will be expected to read several papers. Exact papers will be determined later.

Learning environment

Meetings/Lessons
During the lecture module, I will lead the conversation. However the aim is to make each session interactive. See note on Participation below. In the research experience module, classes will be more free-flowing, with discussion about the research question, a panel discussion with experts, and team presentations.

The tutorial slot will generally not be used, but may need to be used for additional make-up classes if unforeseen circumstances arise and I am forced to cancel a class. You will be informed accordingly.

Participation
I welcome, and do my best to encourage, class participation. At any time, please feel free to interrupt me to ask questions or make comments. I will also ask questions and expect you to answer. Please do not worry about whether your answer is “correct” or “incorrect”. Often what is incorrect according to a particular viewpoint is correct according to another viewpoint. The questions are not meant to test you. Instead, I am interested in finding out what you think and why you think it, and build the discussion from there.

Policy on Mobile Devices
I think of our lectures as a conversation. This means that both sides need to be engaged. It hurts my feelings if I am talking to people but they are looking at their phones or computers instead of looking back at me. If you need to check or send an urgent message, please step out of the class to do this, and then return when you are once again able to pay attention to our discussion.

Assessment scheme

Class Participation 5%
Your class participation score will depend on various things.
• It is **mandatory** for you to participate in class activities on certain key dates.²
• You are expected to participate in your group’s presentations (even if all you do is operate the clicker!).
• You will get a higher score if you raise questions, answer questions or make comments in class.

**Homework 10%**

• There will be three homework assignments. These are meant to be completed individually, and to give you a chance to revise the material discussed in the lectures, and to see what is expected of you.
• The TA will mark these assignments and give out one of four grades: √+, √, √− and ×.
• Homework will be due in **hard copy** at the beginning of class, on the specified date. Late submissions will not be entertained.
• When calculating the homework total, your lowest-scoring assignment will receive a weight of 0%, and the other two will receive a weight of 5% each, to add up to 10% in total.

**Quizzes 35%**

• There will be 3 closed-book quizzes.
• Quizzes 1 and 2 will be held during the term. Quiz 3 will be held in the final exam slot.
  • **Quiz 1 will be held on Tuesday September 18.** It is worth 5% of the final grade, but attendance is mandatory. Students who miss this quiz will automatically receive a zero for Quiz 1 and also receive a zero for class participation.
  • **Quiz 2 will be held on Tuesday October 16.** It is worth 15% of the final grade.
  • **Quiz 3 will be held during the final exam slot, as decided by ARO.** It is worth 15% of the final grade. Note that the ARO will treat this as the final exam for the course and the related rules will apply.
• Each quiz will only include the material that has not been tested before.

**Research Experience 50%**

The research exercise is an integral module of this course. To start us off, I will introduce a research question to the class. Together we will try and unpack this question. This will involve reflections, talking to

² These dates are: Sept 18, Sept 20, Oct 18, Oct 30, Nov 20, Nov 22 and Nov 27. Exceptions will be made only under the gravest circumstances. I will follow up to confirm the situation.
experts, discussion, exploratory research and then more intensive empirical research involving data collection and data analysis. We will split into teams; each research team will tackle a single avenue of research. Each team will also make two presentations to the class, and will receive feedback from me as well as classmates. At the end of this exercise, we will collate and reflect on what we have learned.

Attendance is mandatory at the panel discussion with experts, team presentations, and presentation to experts. Exact dates are listed in the course schedule and in footnote 2.

The research experience components will count towards the final grade according to this weighting scheme:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Team Presentations on Exploratory Research</td>
<td>15%</td>
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<tr>
<td>Team Presentations on In-depth Research</td>
<td>25%</td>
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<tr>
<td>Final Reflection</td>
<td>10%</td>
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<tr>
<td>Research Experience Total</td>
<td>50%</td>
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**ECON 4670: Economics Research and Communication**

This course is not listed as one of the courses that will help you pass ECON 4670. However, interested students may take their work from the research experience exercise and write a 10-page individual paper that they may submit as an ECON 4670 paper. The deadline for this submission will be in mid-January 2019. Students who are interested in pursuing this option should inform me no later than the date of Quiz 2, i.e. October 16. Further details will be provided to interested students after the midterm exam.

**Academic honesty**

Academic dishonesty is immoral and unfair, and I take a very serious view of it. You must be aware of HKUST’s policy on academic integrity, and abide by its provisions. I will report all cases of suspected misconduct to the Dean’s Office, and their decision will be final and binding.

Please be especially careful not to plagiarize. Many students plagiarize without realizing what they are doing. For example, any text that you quote directly from another source must be included in quotation marks, and referenced correctly. If you do not include quotation marks, the words must be your own. If we detect plagiarism on written assignments we will penalise it.
## Course schedule

<table>
<thead>
<tr>
<th>Class</th>
<th>Date</th>
<th>Topics</th>
<th>Reading</th>
<th>Assigned</th>
<th>Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>L1</td>
<td>Sep 4</td>
<td>Introduction, Some Employment Facts</td>
<td>Borjas Ch. 2</td>
<td>HW1 5/9</td>
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<tr>
<td>L2-L4</td>
<td>Sep 6-13</td>
<td>Human Capital: Education &amp; Training</td>
<td>Borjas Ch. 6</td>
<td>HW1 13/9</td>
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<tr>
<td></td>
<td>Sep 18</td>
<td>Quiz 1: In-Class</td>
<td>Introduction to the Research Question</td>
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<tr>
<td>L6</td>
<td>Sep 20</td>
<td>Panel Discussion With Experts</td>
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<tr>
<td>L7</td>
<td>Sep 27</td>
<td>Human Capital: Schooling as a Signal</td>
<td>Borjas Ch. 6</td>
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<tr>
<td>L8-11</td>
<td>Oct 2-11</td>
<td>Labour Supply &amp; Demand</td>
<td>Borjas Ch. 3-4</td>
<td>HW2 2/10</td>
<td>HW2 9/10</td>
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<tr>
<td>L12</td>
<td>Oct 16</td>
<td>Quiz 2: In-Class</td>
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<tr>
<td>L13-14</td>
<td>Oct 18-23</td>
<td>Team Presentations on Exploratory Research</td>
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<tr>
<td>L15</td>
<td>Oct 25</td>
<td>In-Class Feedback to Teams</td>
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<tr>
<td>L16</td>
<td>Oct 30</td>
<td>In-Class Team Work</td>
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<tr>
<td>L17-18</td>
<td>Nov 1-6</td>
<td>Discrimination</td>
<td>Borjas Ch. 9</td>
<td>HW3 6/11</td>
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<tr>
<td>L19-21</td>
<td>Nov 8-15</td>
<td>Incentive Pay</td>
<td>Borjas Ch. 11</td>
<td>HW3 13/11</td>
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<tr>
<td>L22-23</td>
<td>Nov 20-22</td>
<td>Team Presentations on In-Depth Research</td>
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<tr>
<td>L24</td>
<td>Nov 27</td>
<td>Presentation to Experts</td>
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<tr>
<td>L25</td>
<td>Nov 29</td>
<td>It’s a wrap!</td>
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<td>–</td>
<td>Dec ?</td>
<td>Quiz 3: Date/Time/Venue to be determined by ARRO.</td>
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*Topics and/or readings may change. Check the course website for updates.

**Tuesday Sept 25 is a public holiday.**