

ECON 5390 LABOR ECONOMICS

Semester: Spring 2021
Class time: Monday 3:00pm – 5:50pm
Class period: February 1, 8, 22, March 1, 8, 15, 22, 29,
April 12, 19, 26, May 3
Lecture room: TBA
Course homepage: <https://canvas.ust.hk/courses/36009>

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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 (2018): *Modern Labor Economics: Theory and Public Policy*. (13rd edition) Routledge.
George Borjas (2016): *Labor Economics*. (7th edition) McGraw-Hill.
Pierre Cahuc, Stéphane Carcillo, and André Zylberberg (2014): *Labor Economics*. (2nd edition) 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. 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.

ESSAY

To experience the joy (as well as pain) of scientific inquiry and to train your writing skills, you are required to submit a research essay. You will be required to provide a preliminary presentation of your essay at the end of the semester.

GRADING

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

Class participation	3%
Three homework assignments	18%
Essay	15%
Final exam	64%

COURSE OUTLINE

The chapters below are those of Kenneth McLaughlin's (2014) draft textbook *Labor Economics: Principles in Practice*.

- 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)