ECON 3470

Labor Economics

1st Term, 2024-2025

Lecture Hours and Location:

Mon 4:30pm - 6:15pm (M09-10); ARC G03

Wed 11:30am - 12:15pm (W04); HYS G04

Instructor: YUNG Chor-Wing Linda

    Office: ELB 1010
    Phone: 3943-8192
    E-mail: cwyung186@cuhk.edu.hk
    Office Hours: TBC or by appointment

Teaching Assistant: SHI Yun Sasha

    Office: ELB 908
    E-mail: sasha.yunshi@link.cuhk.edu.hk
    Office Hours: TBC or by appointment

Course Objective:

The objective of the course is to provide the basic concepts of Labor Economics and examine both theoretical and empirical issues of the labor market. In other words, the course aims to help students understand

- the labor market model through the derived demand of firms and labor supply of households
- the comparative static properties of perfectly competitive and imperfect product and labor markets
- the policy implications of the empirical findings

Course Description:

This course emphasizes both theoretical and empirical studies. Topics covered include: static and dynamic models of the demand for labor, allocation of time, the labor supply of men and women, human capital theory, theories of personal income distribution, information and search theory, signaling and self-selection, implicit contracts and the principal-agent problem.

Prerequisite:

Students should have knowledge of basic microeconomic theory, multi-variable calculus and introductory Econometrics before taking this course.

Learning Outcomes:

By the end of the course the students should be:

- familiar with the terminology and basic facts related to the labor market
- able to understand and explain key features of various labor markets
- capable to evaluate the findings of empirical work
- able to assess the policy implication of various labor policies.

Course Content and Tentative Schedule:

Week	Topic	Contents	Readings
1	Introduction	Introduction and overview.	[ESH] Ch. 1 and 2. [GB] Ch. 1.
2-3	Labor Demand	Derived demand for labor.	[ESH] Ch. 3 and 4. [GB] Ch. 3 and 4.
4	Fixed Cost	Quasi-fixed costs, fixed factors and fixed costs.	[ESH] Ch. 5. [GB] Ch. 2.
5-6	Labor Supply	Basic model and intertemporal model. Male and female labor supply.	[ESH] Ch. 6 and 7. [GB] Ch. 2.
7		Mid-term	
8	Compensating Wage Differentials	Hedonic wage theory and risk.	[ESH] Ch. 8. [GB] Ch. 5.
9	Human Capital	Education and training.	[ESH] Ch. 9. [GB] Ch. 6.
10	Discrimination, Gender Wage Gap and Inequality	Earnings differentials from gender, race and occupation.	[ESH] Ch. 12 and 15. [GB] Ch. 7 and 9.
11	Principal Agent Problem	Wage contract and incentive scheme	[ESH] Ch.11 [GB] Ch. 11
12	Unemployment	Different sources of unemployments.	[ESH] Ch. 14. [GB] Ch. 12.

13 If time allows	Labor Mobility	Geographic mobility, immigration, employee turnover.	[ESH] Ch. 10.
			[GB] Ch. 8.

Recommended Textbooks: Ehrenberg, Ronald G., Robert S. Smith and Kevin F Hallock (2023) *Modern Labor Economics: Theory and Public Policy*. 14th Edition. Routledge. [ESH]

Borjas, George (2024) *Labor Economics*. 9th Edition. McGraw-Hill. [GB]

Course Activities:

- *Tutorials*

  Tentatively, tutorials will be held after the fourth week of class. It will go through some of the tutorial questions, some difficult assignment problems.
- *Written Assignments*

  There will be 2 assignments throughout the course. All assignments are equally weighted. Each assignment will be posted on Blackboard one week prior to due date. Please note that no late assignments will be graded.
- *Computer Exercise*

  There will be a couple of computer exercises to get you familarized with STATA and the Hong Kong Census data regarding Hong Kong Labor market situation.
- *Mid- term (14th October, 2024, 4:30pm - 6:15pm)*

  Please note carefully the date, time and venue of the mid-term; there will be **no makeup exam.** This is **not negotiable.** If you miss the mid-term, due to a documented illness or emergency, and have **received my approval** your final exam score will receive the weight of the mid-term in addition to its own weight.
- *Final (time and date will be announced later)*

  Final will be arranged by the University, please observe the date and venue. The University has very strict regulations on how the final exam works. So please make sure you can make it. If by then centeralized exam is not feasible, an online exam will be conducted.

  For exchange students, please note that early departure is NOT a valid reason for not taking the final examination at the time scheduled by the University.

Course Assessment Scheme:

Written Assignments	20%
Computer Exercise	10%
Mid-term	30%
Final	40%

Grade Descriptors:

Grade	Descriptions
A / A-	Outstanding/Generally outstanding performance on all learning outcomes.
B+ / B / B-	Substantial performance on all learning outcomes, OR high performance on some learning outcomes which compensates for less satisfactory performance on others, resulting in overall substantial performance.
C+ / C / C-	Satisfactory performance on the majority of learning outcomes, possibly with a few weaknesses
D+ / D	Barely satisfactory performance on a number of learning outcomes
F	Unsatisfactory performance on a number of learning outcomes, OR failure to meet specified assessment requirements.

Note:
- Course notes and announcements will be posted on the class Blackboard (https://blackboard.cuhk.edu.hk/ultra/stream) Please check frequently.

Attention is drawn to University policy and regulations on honesty in academic work, and to the disciplinary guidelines and procedures applicable to breaches of such policy and regulations. Details may be found at http://www.cuhk.edu.hk/policy/academichonesty/Eng_htm_files_(2013-14)/index_page2.htm .

With each assignment, students will be required to submit a signed declaration that they are aware of these policies, regulations, guidelines and procedures. For group projects, all students of the same group should be asked to sign on the declaration.
For assignments in the form of a computer-generated document that is principally text-based and submitted via the plagiarism detection engine VeriGuide, the statement, in the form of a receipt, will be issued by the system upon students' uploading of the soft copy of the assignment. Assignments without the receipt will not be graded by teachers. Only the final version of the assignment should be submitted via VeriGuide.

Attention is drawn to University policy of AI tools

For assignments and assessment tasks that count towards the final course grades, students are not allowed to submit work which is produced with the collaboration of or supported by the use of any generative AI tools (e.g. ChatGPT)*.

Any breach of the regulations will be considered an act of academic dishonesty and will be handled according to the University's *Procedures for Handling Cases of Academic Dishonesty*.

In case of queries, students should seek advice from the course teacher.