

ECON 5390 LABOR ECONOMICS

Semester: Spring 2024
Class time: Monday 3:00pm – 5:50pm
Lecture room: LSK 1009
Office hours: open-door policy
Course homepage: <https://canvas.ust.hk/courses/54903>

Credits: 3
Lecturer: Prof. S. F. Leung
E-mail: sfleung@ust.hk
Office: LSK 6029
Tel: 2358-7618

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.

TEXTBOOKS

Required:

Kenneth McLaughlin (2014): *Labor Economics: Principles in Practice*. Oxford.
William Neilson (2015): *Personnel Economics*.

READINGS

The CANVAS course homepage contains all the lecture notes, readings, and announcements.

INTENDED LEARNING OUTCOMES

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

1. have deep understanding on issues about labor economics,
2. be equipped with optimization methods and economic insights to construct theoretical models analyzing problems in labor economics,
3. have econometrics skills and knowledge to conduct empirical analysis which can help government or firms make decisions
4. be able to effectively communicate economic intuition or predictions from empirical analysis to people in academia and in private sectors.

TEACHING APPROACH

This course is delivered primarily through lectures and class discussion.

CLASSROOM ETIQUETTE

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

HOMEWORK

There will be four 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

If you are absent for 5 or more classes, your grade will be F. There will be a final exam. No makeup exams will be given. The weights determining the course grade are as follows.

Class participation	10%
Four homework assignments (7% each)	28%
Final exam	62%

ACADEMIC INTEGRITY AND HONESTY

The University is a community designed for scholarship — for learning, teaching and research. Academic integrity and honesty are critical values in upholding HKUST's reputation as a community of scholars and its claim to the "intellectual property" created by staff and students. All students who join HKUST are therefore committed to an Academic Honor Code. (<https://registry.hkust.edu.hk/resource-library/academic-integrity>)

TEACHING ASSISTANT

Teaching assistant:	Emily Chen (E-mail: eckuan@ust.hk)
Office hour:	By appointment

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)