

ECON4234 Labour Economics and Human Resources

Spring 2024

Hong Kong University of Science & Technology

Course Syllabus
Updated Jan 31, 2024

Class meetings: Fri 9:00-10:20am, Mon 1:30-2:50pm
CYTG009B

Tutorials Thur 6:00-6:50 pm
LSK 1014

Instructor
Professor Xuan LI
E-mail: xuanli@ust.hk
Office Hours: Mon 4:30-5:30 pm (LSK 6042)

Teaching Assistant
Hongwei ZOU
E-mail: hzouai@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. Topics we will cover include **labour supply and welfare programmes, labor demand and labor market equilibrium, migration, discrimination, education & training, and incentive pay**. All topics will be motivated by real-world examples and policy questions, so that you can see how this field of economics can enhance our understanding of how the world works.

Course Intended Learning Outcomes (CILOs)

Students who complete this course successfully will be able to:

1. define key concepts related to labour markets
2. explain the optimisation process behind labour supply and demand, analyse labour market equilibria and welfare programmes
3. understand and analyse the effects of migration on labour markets, both in the short and long term
4. discuss different theories about the role of human capital in labour markets
5. analyze the phenomenon of labour market discrimination, design ways to measure it and analyze its labour market consequences
6. understand and analyse the effects of minimum wages on labour market outcomes

7. 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 (Micro Theory II) or ECON 3014 (Managerial Microeconomics) or equivalent courses successfully to enroll in this course.
- It is assumed that you know core concepts in calculus and microeconomics. Please review these if you feel uncertain.

Learning Resources

- The slides for our class discussions will be posted on the course website on Canvas: <https://canvas.ust.hk>. Please note that these slides are not a substitute for attending class.
- We will also use the Canvas course website for announcements, collect your assignments, and to post your scores. Please check it regularly.
- The textbook for the course is George Borjas' Labor Economics (7th or 8th Edition).
- If I refer to any additional material during our lectures, I will provide references to it on the course website.

Email Policy

- In the title of your email, please put the following: [ECON4234-YOURNAME]
- Please send me an email if you want to meet me outside scheduled office hours.

Tutorials

Tutorials are served as office hours held by the TA, but may need to be used for additional make-up classes if needed for presentation (see below) or unforeseen circumstances arise and I am forced to cancel a class. You will be informed accordingly.

Assessment Scheme

Class Participation (10%)

This will be evaluated by your attendance in the class meetings through randomly distributed mini in-class quizzes. If you cannot attend a class, please contact the TA in advance. Students who actively ask questions, answer questions and make comments will also receive extra credit.

Homework Assignments (15%)

- There will be 3-4 homework assignments posted under Canvas/Assignments. These are meant to give you a chance to revise the material discussed in the lectures, and to see what is expected of you. You may work in a group of 3 students, but must submit your own answers with the others' names on the top.
- You should submit electronic copies onto Canvas before the specified deadline of each assignment. Late submissions are generally not accepted.
- Suggested solutions will be posted by the TA right after the due date of each assignment.

- You may be expected to submit graphs (which can be hand-drawn, or drawn on a computer or tablet) in the form of pdf files. If hand-drawn, we strongly recommend scanning the image to maximize contrast and resolution, and minimize file size. This will help ensure you can upload the file smoothly.
- The TA will mark these assignments and give out one of four grades: $\checkmark+$, \checkmark , $\checkmark-$, 0.

Group Projects (25%)

There are two group projects.

1) Journal Presentation (10%)

You are required to do an oral presentation with slides on an academic article in economics in a group of 3 members. You should select articles from the reading list (TBA).

- You should submit your group members and the article you select to the TA on or before march 31. If multiple groups select the same article, the first one will be assigned the article, and the other group(s) will need to submit a new article from the list. If you do not submit on time, I will assign you to a group and an article.
- Presentation will be around 25 min including Q&A and discussion. Presentation slides must be no longer than 15 pages. You should send the presentation slides to me and the TA one day before your presentation.
- The presentations are tentatively scheduled at the end of the semester. If we do not have enough time slots, the tutorial sessions might be used, and in this case I expect everyone to attend those sessions.

2) Group Essay (15%)

You are required to write an essay on topics *related to labor economics* in a group of at most 3 members. The essay could be either:

- i. Identifying/quantifying and/or analyzing a socioeconomic phenomenon using economics tools;
- or
- ii. evaluation of a specific socioeconomic policy, or a policy proposal;
- or
- iii. a research proposal with a (relatively) rigorous research design and a feasible plan; or the combination of some of the above.

- The essay should be about 5-8 pages long excluding references (font 12 and double spacing).
- You should submit your group members to the TA on/before **April 05**, and the topic of the essay to me on or before **April 30**. You are welcome to discuss your proposed topics with me beforehand.
- The due date is **May 29**.
- It is allowed to write an essay based on a term paper you write for another 4000-level Economics elective course or ECON4959 or a UROP project on a topic that overlaps with labor economics.
 - You should let me know the course number, the group members you work with in that course (if any).
 - No students are allowed to free-ride on another team member's term paper from another course.

- A higher standard for evaluation will be applied to a “recycled” essay, at the instructor’s discretion.
- You have the option to use the group essay to fulfill the ECON 4670 paper requirement ([syllabus for ECON 4670](#)).
 - Please ask for my approval when you submit the topic. You must meet with me in person for discussion at least once. The essay must be *original* for this course.
 - It must fulfill the specific requirements of ECON 4670 and follow the detailed instructions I provide.
 - The evaluation criteria for the purpose of this course are the same whether the essay is used to fulfill the ECON 4670 requirement or not. If the submitted essay is deemed satisfactory for this course but not satisfactory for ECON 4670, I reserve the right to ask you to do some extra work.

Peer evaluation will be conducted for the group projects. Details TBA.

Exams (50%)

There are two exams.

1) **Midterm Exam (20%)**

- The midterm exam will be an in-class exam on **March 25**.
- In the case of absence at the midterm exam due to medical reasons, you are required to submit medical certificate issued by a registered medical practitioner. Appropriate documentation will be required for absences due to other reasons.
- No make-up exam will be administered. A student who is excused from the midterm on medical/emergency grounds will have his/her final examination counted 40% and the Group Essay counted 25% into the final grade.

2) **Final Exam (30%)**

- The final will be held during the final exam slot, as decided by ARO.
- Note that the ARO will treat this as the final exam for the course and the related rules will apply.

Both exams are open book and open notes. No electronic devices are allowed except for simple calculators.

Academic Honesty and Integrity

Honesty and Integrity is central value in HKUST. Please be aware of the importance and maintain high standard of honesty in the problem sets, examinations, and writings in this course. Familiarize yourself to the university rules and the HKUST academic honor code by visiting following website: <http://www.ust.hk/vpaa0/integrity>.

Tentative Schedule

Lecture #	Date	Content	
1	Feb-2	Introduction Labor Supply	Topic 1: Ch2
2	Feb-5	Labor Supply (cont'd)	Topic 1: Ch2
3	Feb-9	Social Welfare Programs	Topic 2: Ch2
4	Feb-16	Labor Demand	Topic 3: Ch3
5	Feb-19	Labor Demand (cont'd) Labor Market Equilibrium	Topic 3: Ch3 Topic 4: Ch4
6	Feb 23	Labor Market Equilibrium (cont'd)	Topic 4: Ch4
7	Feb 26	Migration	Topic 5: Ch4, Ch8
8	Mar-1	Migration (cont'd)	Topic 5: Ch4, Ch8
9	Mar-4	Migration (cont'd)	Topic 5: Ch4, Ch8
10	Mar-8	Compensating Wage Differentials	Topic 6: Ch5
11	Mar-11	Compensating Wage Differentials (cont'd)	Topic 6: Ch5
12	Mar-15	Compensating Wage Differentials (cont'd)	Topic 6: Ch5
13	Mar-18	Discrimination	Topic 7: Ch9
14	Mar-22	Discrimination (cont'd)	Topic 7: Ch9
15	Mar-25	Midterm	
20	Apr-8	Discrimination (cont'd)	Topic 7: Ch9
21	Apr-12	Human Capital	Topic 8: Ch6
22	Apr-15	Human Capital (cont'd)	Topic 8: Ch6
23	Apr-19	Human Capital (cont'd)	Topic 8: Ch6
24	Apr-22	Incentive Pay	Topic 9: Ch11
25	Apr-26	Incentive Pay (cont'd)	Topic 9: Ch11
26	Apr-29	Incentive Pay (cont'd) Journal Presentation	Topic 9: Ch11
27	May-3	Journal Presentation (cont'd)	
28	May-6	Journal Presentation (cont'd)	