

LABOR ECONOMICS
(ECON5470)

Time and Venue: Thursday 3:30-6:15pm Cheng Yu Tung Building 209A

Website: <https://blackboard.cuhk.edu.hk>

Class handouts (e.g., problem sets and solutions, lecture notes) will be available at the course website.

Instructor's Contact Information:

Office: Room 904, Esther Lee Building

Email: meng@cuhk.edu.hk

Office Hours:

Thursday 2:00-3:00pm, and by appointment

Course Description:

This course is an introduction to advanced labor economics with an emphasis on applied microeconomic theory and empirical analysis. We are especially interested in the link between research and public policy. Topics include labor supply, labor demand, minimum wages, the economics of human capital (education), discrimination and the impact of antidiscrimination programs, immigration, changes in earnings inequality over time, and program evaluation.

Required Background: Prerequisites include intermediate microeconomics and some knowledge in statistics or econometrics. Also helpful is some experience with statistical computing, such as using STATA.

Readings:

Text: George J. Borjas, *Labor Economics* (Seventh Edition), 2016 (ISBN: 978-1259252365). Available at the University Bookstore and Chung Chi Library Reserve. Older versions of the book are also acceptable.

Research Papers: Additional (empirical) papers will be made available on the Blackboard website as the course proceeds.

Course Requirements:

Students are expected to read assigned readings before class and to attend lectures. Requirements include problem sets and a final exam.

Course Grading:

40% 4 Problem Sets

60% Final Exam (Lecture 14, April 18; Place of examination: TBA)

The problem sets will be handed out a week before they are due.

Late problem sets will not be accepted.

Academic Honesty:

Attention is drawn to University policy and regulations on honesty in academic work to the disciplinary guidelines and procedures applicable to breaches of such policy regulations. Details may be found at http://www.cuhk.edu.hk/policy/academic_honesty/.

TENTATIVE SCHEDULE OF LECTURES

Lecture 1: Introduction to Labor Economics
(Jan 10) Borjas (B) Chapter 1

Lectures 2, 3: Labor Supply
(Jan 17, Jan 24) B Chapter 2

Lectures 4, 5: Labor Demand
(Jan 31, Feb 14) B Chapter 3 and Section 4.9

Labor Demand and the Minimum Wage

Card, David and Alan Krueger: "Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania," *American Economic Review*, 84(4), September 1994, 772-793.

Lecture 6: Labor Market Equilibrium
(Feb 21) B Chapter 4

David Card, "The Impact of the Mariel Boatlift on the Miami Labor Market," *Industrial and Labor Relations Review*, vol. 43, no. 2, January 1990, 245-257.

Lecture 7: Causal Inference with Non-Experimental Data
(Feb 28) Introduction to STATA

Popper, Karl, "Science: Conjectures and Refutations," in *Philosophy of Science: The Central Issues*, Martin Curd and J.A. Cover, eds., W.W. Norton and Company, pp. 3-10.

Freedman, David, "Statistical Models and Shoe Leather," *Sociological Methodology*, 21, 1991, 291-313.

Lecture 8: Human Capital
(Mar 7) B Chapter 6

Lecture 9: Human Capital: Empirical Evidence

(Mar 14) Ashenfelter, Orley and Alan Krueger, "Estimates of the Economic Return to Schooling from a New Sample of Twins," *American Economic Review*, 84(5), December 1994, 1157-1173.
Lalonde, Robert, "Evaluating Econometric Evaluations of Training Programs with Experimental Data," *American Economic Review*, 76(4), September 1986, 604-620.

Lecture 10: Labor Mobility and Immigration
(Mar 21) B Chapter 8

Lecture 11: Labor Market Discrimination
(Mar 28) B Chapter 9

Lecture 12: Changes in Earnings Inequality over Time
(Apr 4) B Chapter 7

DiNardo, John, and Jörn-Steffen Pischke, "The Returns to Computer Use Revisited: Have Pencils Changed the Wage Structure Too?" *Quarterly Journal of Economics*, 112(1), February 1997, 291-303.

Lecture 13: Additional Topics and Review
(Apr 11)

Lecture 14: Final Exam
(Apr 18)