

Course Title	:	Labour Market and Education Policy
Course Code	:	ECO315
Recommended Study Year	:	Second/Third year
No. of Credits/Term	:	3
Mode of Tuition	:	Lecture-Tutorial
Class Contact Hours	:	2 hours/week for lecture and 1 hour/week for tutorial
Category in Major Prog.	:	Stream elective
Discipline	:	Economics

Brief Course Description:

This course provides students with an introduction to the economics of education. It analyses the roles of government policies in the areas of education, with reference to the current policy debate in Hong Kong on these matters.

Aims:

It aims to provide students with the fundamental theoretical and empirical knowledge about why and how education investment is carried out by individuals and society. It also intends to equip students with the basic tools to analyze education policies.

Learning Outcomes:

Upon the completion of this course, students will be able to:

1. explain the basic concepts and theories in labour economics;
2. identify when and why some of the major government policies are needed in the areas of labour market and education;
3. understand and evaluate the current labour market and education policies in Hong Kong;
4. participate in debate and communicate clearly in presentation and group projects.

Assessment of Learning Outcomes:

Students can opt for either a lecture-tutorial mode (LT mode) or a lecture-service-learning mode (SL mode). For the former, students have to attend weekly tutorial sessions. During the tutorial session, students are required to make presentations or engage in discussions on various theories and policies on labour market and education policies. Presentations and discussions are used to measure how well students master the materials covered by this course and whether or not they understand the application of theories in policy debate. Student participation in presentation and discussion can also reveal their familiarity with relevant policies adopted in Hong Kong and how well these policies function in the local and international context, as well as their communication skills. For the latter, students are required to participate in fieldwork jointly organized by the Office of Service-Learning and outside organizations. They are required to gather

course related information and/or engage in services relevant to this course during the fieldwork. Their learning outcomes are partially measured by the quality of the service they delivered. In addition, they are required to write a reflective essay and give a sharing session in the end, which can be used to measure their overall knowledge and understanding about this course.

Finally, the mid-term and final examinations are used to measure student overall understanding of the basic concepts, theories and policies taught in this course.

Assessment Methods:

1. Continuous assessment: 50%

LT mode:

- Mid-term exam: 20%
- Tutorial presentation: 10%
- Essay on the presentation topic*: 10%
- Tutorial discussion: 5%
- participation: 5%

SL mode:

- Training workshops/SL consultation meetings: 5%
- Fieldwork performance: 10%
- Reflective essay and experience sharing*: 10%
- Oral or poster presentation: 5%
- Mid-term exam: 20%

***Please note:** the deadline for both types of essays are 5th December 2009. Late submission is accepted within 5 working days after the due date. These submissions will be deducted one grade, for example if the submission is graded as B+, it will be recorded as B. Late submissions beyond 5 working days of the due date will receive “F” grade (for the course work component).

2. Final examination: 50%

Service-Learning Mode

Students are required to (1) complete at least 20 hours of community services, (2) attend the training workshops offered and coordinated by Office of Service-Learning (OSL), and (3) attend two consultation meetings with OSL and the course instructor.

Students are also required to submit a reflective essay upon the completion of the service-learning project. The essay serves as an important intellectual exercise for students to (1) review in detail what they have learned, observed, felt and experienced in the project; (2)

evaluate the achievement of the objectives, expectations and plan, and (3) analyze and draw conclusion on the significance of the experience regarding the academic context.

Students should give either an oral or a poster presentation (max 15 minutes) in the Service-Learning Report-Back seminar presentation. The presentation serves as a way for the students to share their service-learning experiences with peers, course instructors, and professionals from different fields, and report their work done, observations, findings, feelings and reflection.

Fieldwork performance (attendance, work attitude and individual commitment) will be graded by the NGOs or OSL.

Working Schedule

Service-Learning Leadership Training	19 Sept 09
1st Consultation Meeting	12 to 16 Oct 09
Reflective Meeting	4 Nov 09
2nd Consultation Meeting	16 to 20 Nov 09
Report-back Seminar Presentation	21 Dec 09
Reflective Essay Due	5 Dec 09

Important Reminder:

According to Lingnan University policy, plagiarism is “presentation of another person’s work without proper acknowledgement of the source”. Plagiarism will be heavily penalized and may attract a *zero mark* and *disciplinary* action. To avoid plagiarism, you must note the sources of quotations, data and general information in all your course work. These sources/references should appear in alphabetical order in your list of references/bibliography.

Indicative Contents:

Week 1: Overview of the labour market

Ehrenberg & Smith, Ch. 2

Week 2: Labour market and pay determination

Ehrenberg & Smith, Ch 3 and Ch 4 (Section III)

Week 3: Human capital investment

Polachek & Siebert, Ch 1,2.

MaMahon, W.W. (1998). "Conceptual Framework for the Analysis of the Social Benefits of Lifelong Learning." *Education Economics*, 6(3), pp.309-46.

Week 4: Schooling quality and educational production

Card, David and Krueger, Alan (1996). "Labor market effects of school quality: theory and evidence", NBER Working Paper No. 5450.

Hanushek, Eric A. (2003a). The Failure of Input-Based Schooling Policies. *Economic Journal* 113 (485): F64-F98.

Wößmann, Ludger (2003a). Schooling Resources, Educational Institutions, and Student Performance: The International Evidence. *Oxford Bulletin of Economics and Statistics* 65 (2): 117-170.

Education and return Preschool human capital investment

Week 5: Return to education

Ehrenberg & Smith, Ch 9 (Section I & II)

Polachek & Siebert, Ch 3.

Card, David (1999). The Causal Effect of Education on Earnings. In: Orley Ashenfelter, David Card (eds.). [Handbook of Labor Economics, Volume 3A](#). Elsevier, Amsterdam et al.: 1801-1863.

Plug, Erik J.S., Wim Vijverberg (2003). Schooling, Family Background, and Adoption: Is It Nature or Is It Nurture? *Journal of Political Economy* 111 (3): 611-641.

Psacharopoulos, George and H.A.Patrinios (2002). "Returns to Investment in Education: A Further Update". http://econ.worldbank.org/files/18081_wps2881.pdf

Week 6: Post-school investment: Training

Ehrenberg & Smith, Ch 5 (Section III) and Ch 9 (Section III)

Polachek & Siebert, Ch 4.

Acemoglu, Daron and Jorn-Steffen Pischke (1999a) "Beyond Becker: Training in Imperfect Labour Markets," *Economic Journal*, 109(453): F112-142.

Brown, C. (1990). "Empirical Evidence on Private Training", *Research in Labor Economics*, 11, J.A.I. Press: pp97-113. Also in Ashenfelter, O.C. & LaLonde, R.J. (eds) *The Economics of Training*, Volume II, Edward Edgar Publishing Ltd. 1996.

LaLonde, R.J. (1995). "The Promise of Public Sector-Sponsored Training Programs", *Journal of Economic Perspectives*, 9(2): pp149-68.

Week 7: Human capital vs. signaling model of education

Ehrenberg & Smith, Ch 9 (Section IV)

Heywood, John and Xiangdong Wei (2004). "Education and the Signalling Hypothesis: Evidence from a Highly Competitive Labor Market", *Education Economics*, 12(1):pp1-16.

Weiss, Andrew (1995). "Human Capital vs. Signaling Explanations of Wages", *Journal of Economic Perspectives*, 9(4): pp133-154.

Week 8: Human capital investment and economic growth

Hicks, N.L. "Education and Economic Growth", in Carnoy.

Krueger, Alan B., Mikael Lindahl (2001). "Education for Growth: Why and For Whom?" *Journal of Economic Literature* 39 (4): 1101–1136.

Temple, Jonathan. (2001). "Growth Effects of Education and Social Capital in the OECD Countries", OECD Economic Studies, No.33.

<http://www.ecn.bris.ac.uk/www/ecjrwt/abstracts/Article2ES33.pdf>

Week 9: The role of government in human capital investment

Lott, John R., Jr (1987). "Why is Education Publicly Provided? A Critical Survey", *Cato Journal*, 7(2): pp475-501. (Also in Blaug)

Jimenez, Emmanuel (1986). *The Public Subsidization of Education and Health in Developing Countries: A Review of Equity and Efficiency*. World Bank Research Observer 1 (1): 111-129.

Oosterbeek, Hessel (1998). "Innovative Ways to Finance Education and Their Relation to Lifelong Learning", *Education Economics* 6 (3): 219-251.

Week 10: Payment schemes and productivity

Ehrenberg & Smith, Ch 11

Lazear, E.P. (1992). "Compensation, Productivity, and the New Economics of Personnel." in *Research Frontiers in Industrial Relations*, ed. David Lewin, Olivia S.Mitchell, and Perter D.Sherer, Madison, Wis.: Industrial Relations Research Association.

Rebitzer, J.B. (1993). "Radical Political Economy and the Economics of Labor Markets", *Journal of Economic Literature*, 31(3): pp1405-1429.

Week 11: Work mobility and human capital investment

Ehrenberg & Smith, Ch 10

Grubel, H.G. "Economics of Brain Drain", in Carnoy.

Borjas, G. (1994). "The Economics of Immigration", *Journal of Economic Literature*, 32(4): pp1667-1717.

Week 12: Labour market discrimination

Ehrenberg & Smith, Ch 12

Ho, Lok-Sang, Wei, Xiangdong & Voon, Thomas (1999). "Age Discrimination in the Labour Market: Facts or Fiction", *International Employment Relations Review*, 5(1), pp.43-61.

Sung, Yun-Wing, Zhang, Junsen and Chan, Chi-shing (2001). "Gender Wage Differentials." *Pacific Economic Review*, 6(3):pp345-60.

Teaching Method:

The teaching of this course takes forms of lectures and tutorials. Lectures are delivered by the lecturer. An outline of each lecture will be made available to students in advance. Apart from lectures, each week there will be a one-hour tutorial. In tutorials, students are required to form a small group (2-3 people) and each group will be responsible for a 20 minutes presentation in one tutorial and a 15 minutes comment on others' presentation in another tutorial. All students are encouraged to express their views in tutorials and good performance will be awarded extra marks towards the total mark.

Required/Essential Readings:

Enrenberg, R. and R.Smith (2008). *Modern Labor Economics*, 10th ed, Addison-Wesley.
Polachek, S.W. and W.S.Siebert (1993). *The Economics of Earnings*, Cambridge University Press.

Recommended/Supplementary Readings:

Belfield, C.R. (2000). *Economic principles for education: theory and evidence*, Edward Elgar.

Blaug, Mark. (1992). *The Economic Value of Education*, Edward Elgar.

Carnoy, M. 1995. *International Encyclopedia of Economics of Education*, 2nd ed. Pergamon.

Suen, Wing (1997). *Labour Market in a Dynamic Economy*, Hong Kong Economic Policy Studies Series, City University of Hong Kong.

Lecturer:

Professor WEI Xiangdong (Office: SO313; Tel. 26167205; Email: xdwei@ln.edu.hk)
Office hours: Wed. 14:30-16:30; Thur. 14:30-16:30.

Tutorial Schedule and Topics:

Tutorial 1: (week 2)

Introduction and presentation group formation

Tutorial 2: (week 3)

What are the main pros and cons of a minimum wage policy?

Tutorial 3: (week 4)

Review of present value formula and internal rate of return

Tutorial 4: (week 5)

Discuss the potential benefits and costs associated with human capital investment.

Tutorial 5: (week 6)

Discuss the problems researchers experience when estimating the returns to human capital.

Tutorial 6: (week 7)

How and to what extent does the quality of school matter for education?

Tutorial 7: (week 8)

Discuss why or why not firm provide general skill training.

Tutorial 8: (week 9)

Discuss Quiz 1

Tutorial 9: (week 10)

“Education is indeed associate with increased earnings, and perhaps even with increased productivity, but it does not cause them.” Comment.

Tutorial 10: (week 11)

What are the pros and cons of recently implemented voucher system for kindergarten education in Hong Kong?

Tutorial 11: (week 12)

Sharing session for SL