Course Title	:	Labour Economics
Course Code	:	ECO3203
Recommended Study Year	:	3 and 4
No. of Credits/Term	:	3
Mode of Tuition	:	Lecture-Tutorial
Class Contact Hours	:	2-hour lecture per week
		1-hour tutorial per week
Category in Major Prog.	:	Major in Economics (Elective Course)
Discipline		Economics
Prerequisite(s)	:	(a) ECO2101 Introduction to Economics, or
		(b) ECO2104 Introduction to Microeconomics and
		ECO2105 Introduction to Macroeconomics, or
		(c) BUS2105 Microeconomics for Business
Co-requisite(s)	:	N/A
Exclusion(s)	:	Students are not allowed to take both this course and SSC3315 Labour Market and Education Policy from 2015-16
Exemption Requirement(s)	:	N/A

Brief Course Description

This course provides students with an introduction to the economics of labour market and associated government policies. It covers such topics as labour demand and supply, investment in human capital, pay and productivity, labour market discrimination, union and its impact on the labour and unemployment. It also looks into important government policies like minimum wage, education and training, equal opportunity legislation, etc.

Aims

The course aims to provide students with the fundamental theoretical and empirical knowledge about how labour markets work and in what sense they may be efficient or inefficient. It also intends to equip students with the basic tools and skills to analyse policy issues related to the labour market.

Learning Outcomes (LOs)

Upon completion of this course, successful students should be able to:

1. recall and describe the basic concepts and theories in labour economics;
2. explain how and why the labour market functions the ways it does under different conditions;
3. identify and analyse when and why government policies may be needed for this market;

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4. evaluate and critically assess the current issues and problems facing the labour market in Hong Kong; and
5. communicate clearly and participate actively in relevant policy debates.

Indicative Contents

I.   Overview of the labour Economics
     [Required reading: Borjas Ch. 1]

II. Labour Supply
     [Required reading: Borjas Ch. 2]

III. Labour Demand
     [Required reading: Borjas Ch. 3]

IV. Labour Market Equilibrium
     [Required reading: Borjas Ch. 4]

V.   Compensating wage differentials
     [Required reading: Borjas Ch. 5]

VI. Investment in human capital: education
     [Required readings: Borjas Ch. 6;
      MaMahon, W.W., "Conceptual Framework for the Analysis of the Social Benefits of Lifelong Learning", *Education Economics*, 6(3), 309-46, 1998.
      Card, David, "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, 1999.]

VII. Investment in human capital: training
     [Required readings: Borjas Ch. 6;
      Acemoglu, Daron, and Jorn-Steffen, Pischke, "Beyond Becker: Training in Imperfect Labour Markets," *Economic Journal*, 109(453), 112-142, 1999.]

VIII. The Role of Government in Human Capital Investment
     [Required readings: Polachek and Siebert, Ch. 4;
      Lott, John R., Jr, "Why is Education Publicly Provided? A Critical Survey", *Cato Journal*, 7(2), 475-501, 1987. (Also in Blaug)]

IX. The Wage Distribution
     [Required reading: Borjas Ch. 7]

X.   Payment schemes and productivity

[Required readings: Borjas Ch. 11;

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

Rebitzer, J.B., "Radical Political Economy and the Economics of Labor Markets", *Journal of Economic Literature*, 31(3), 1405-1429, 1993.]

XI. Labour market discrimination
[Borjas Ch. 9]

XII. The role of unions in the labour market
[Borjas Ch. 10]

XIII. Unemployment
[Required reading: Borjas Ch. 12]

Teaching Method

Teaching is based on lectures combined with tutorials. 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 30-minute presentation. All students are encouraged to express their views in tutorials and good performance will be awarded extra marks towards the total mark.

Measurement of Learning Outcomes

1. Presentations and discussions in tutorials will help measure how well students master and communicate the materials covered in this course.   In addition, they help assess students' knowledge about labour market policies and their ability to apply theories in the policy debate, both in Hong Kong and elsewhere. Students are encouraged to think critically and give constructive comments to peers' presentations. (LOs 1, 3, 4, 5)
2. A mid-term test is used to measure students' understanding of the basic concepts and theories in labour economics. (LOs 1- 2)
3. A final examination is used to measure students' understanding of the basic concepts, theories and policies covered in this course; and assess their ability to synthesise knowledge and evaluate labour market policies in a holistic, critical and analytical manner. (LOs 1-4)

Assessment

Continuous assessment : 40%
(class attendance, tutorial presentation and discussion – 20%,

mid-term test – 20%)

Final examination   :   60%

Required/Essential Readings

Acemoglu, Daron, and Jorn-Steffen, Pischke, "Beyond Becker: Training in Imperfect Labour Markets," *Economic Journal*, 109(453), 112-142, 1999.

Borjas, George, *Labour Economics*, 8th Edition, McGraw-Hill, 2020.

Card, David, "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, 1999.

Enrenberg, R., and Smith, R., *Modern Labor Economics: Theory and Public Policy*, 10th Edition, Addison-Wesley, 2009.

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

Lott, John R., Jr, "Why is Education Publicly Provided? A Critical Survey", *Cato Journal*, 7(2), 475-501, 1987. (Also in Blaug)

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

Rebitzer, J.B., "Radical Political Economy and the Economics of Labor Markets", *Journal of Economic Literature*, 31(3), 1405-1429, 1993.

The Tyler, Murnane and Willett, "Estimating the Labor Market Signaling Value of the GED", *Quarterly Journal of Economics*, 2000.

Weiss, Andrew, "Human Capital vs. Signaling Explanations of Wages", *Journal of Economic Perspectives*, 9(4), 133-154, 1995.

Recommended/Supplementary Readings

Polachek, S.W., and Siebert, W.S., *The Economics of Earnings*, Cambridge University Press, 1993.

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

Important Notes:
(1) Students are expected to spend a total of 9 hours (i.e. 3 hours of class contact and 6 hours of personal study) per week to achieve the course learning outcomes.
(2) Students shall be aware of the University regulations about dishonest practice in course work, tests and examinations, and the possible consequences as stipulated in the Regulations Governing University Examinations. In particular, plagiarism, being a kind of dishonest practice, is "the presentation of another person's work without proper acknowledgement of the source, including exact phrases, or summarised ideas, or even footnotes/citations, whether protected by copyright or not, as the student's own work". Students are required to strictly follow university regulations governing academic integrity

and honesty.
(3) Students are required to submit writing assignment(s) using Turnitin.
(4) To enhance students' understanding of plagiarism, a mini-course "Online Tutorial on Plagiarism Awareness" is available on https://pla.ln.edu.hk/.

Assessment Rubrics for Mid-term Test and Final Exam

Criteria	Excellent	Proficient	Meets Minimum Standard	Below Standard
Accuracy (50%)	41-50	31-40	21-30	0-20
	Appropriate concepts are all applied correctly.	Most concepts are applied correctly.	Some concepts are applied at too general a level or misapplied but the central ones are applied correctly and specifically.	Most concepts are applied at too general a level or misapplied.
Comprehension of all the relevant concepts. (40%)	31-40	21-30	11-20	0-10
	Demonstrates a deep insightful level of understanding.	Demonstrates a good surface level of understanding.	Demonstrates a fair level of surface understanding.	Demonstrates an inadequate level of understanding.
Extent to which ideas are expressed logically, accurately and clearly. (10%)	9-10	7-8	4-6	0-3
	Expression of ideas is consistently accurate, logical and clear.	Expression of ideas is generally accurate, logical and clear with some minor lapses.	Expression of ideas is comprehensible but there are some major lapses.	Largely incomprehensible with some major inconsistencies and errors.

Assessment Rubrics for Presentation

CATEGORY	Good	Average	Poor	PTS
Relevant research material has been selected	7-10	4-6	0-3	_/10
	Select relevant research materials for analysis.	Select research materials but some of them are not relevant.	Some of the materials are not relevant and not updated.	
Findings and opinions are supported by evidence	7-10	4-6	0-3	_/10
	Empirical evidence or information (explanations, examples, illustrations, statistics, analogies, quotations from relevant authorities) is highly relevant, accurate and completed Sources are cited and used correctly.	Empirical evidence or information (explanations, examples, illustrations, statistics, analogies, quotations from relevant authorities) is generally relevant and adequate to support the topic Sources are cited and used correctly with minor errors.	Much of information included is not relevant and inadequate to support the topic; Some information is inaccurate or unverifiable No citing of sources or incorrectly cites the sources.	
Consistency and logical flow	7-10	4-6	0-3	_/10
	Logical structure and consistent flow of the presentation.	Structure and flow of the presentation is logical but sometimes not consistent.	Structure and flow of the presentation is not logical.	

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Grading Rubrics for Tutorial Participation and Discussion

Criteria	Excellent 9-10	Good 6-8	Acceptable 3-5	Poor 0-2
Class attendance and participation	Class attendance is regular and the student speaks up regularly and enthusiastically.	Class attendance is regular and the student speaks up now and then.	Class attendance is quite regular but the student participates only when asked by the instructor.	Class attendance is erratic and participation is nil or almost nil.
Articulateness	Expression of ideas or opinions were consistently factually accurate, logical and clear.	Expression of ideas or opinions were generally factually accurate, logical and clear. Lapses were rare and minor in nature.	Expression of ideas or opinions were generally factually accurate, logical and clear, but with a number of minor lapses.	Ideas or opinions were not expressed logically, and were characterized by significant factual inaccuracies and lack of clarity.

	4-5	2-3	0-1	
Visual Aid quality	Student used visuals to reinforce screen text and presentation.	Visuals related to text and presentation.	Student occasional used visuals that rarely support text and presentation.	_/5
	4-5	**2-3**	**0-1**	
Timing Control	Allocates time appropriately and manages time effectively. Appropriate pace.	Marginally long or marginally short but uses time reasonably effectively. Reasonable pace.	Significantly too short or too long and does not use time effectively. Pace is significantly too fast or too slow.	_/5
	4-5	**2-3**	**0-1**	
Clarity	Student used a clear voice and correct, precise pronunciation of terms.	Student's voice is clear. Student pronounces most words correctly.	Student's voice is clear but cannot speak fluently.	_/5.
	4-5	**2-3**	**0-1**	
Quality of the question /answer	Responds appropriately to all questions, with answers that demonstrate knowledge and understanding.	Responds appropriately to the questions, with answers that demonstrate some knowledge and understanding.	Is not able to respond the spot questions.	_/5
			TOTAL POINTS	50