

# LABOR ECONOMICS

Spring 2014

China Center for Human Capital and Labor Market Research  
Central University of Finance and Economics

## Instructor

Simon Chang

E-mail: [changkanghung@gmail.com](mailto:changkanghung@gmail.com)

Office: 615 Academic Hall

Office hours: Wed 2pm-5pm or by appointment

## Teaching Assistant

TBA

## Time & Classroom

T & Th: 1:30pm-3:20pm at MIB 413

## Course Description

This course aims to provide students an overview of modern labor economics and to lay a solid foundation for more advanced labor courses. Students will be exposed to a wide range of topics with a reasonable depth into each of them. Both theoretical and empirical analyses are emphasized. In addition to my lectures, each topic comes with several reading assignments, which are listed below. Without prior notification, I will randomly give quizzes on these readings.

## Prerequisites

1<sup>st</sup> year microeconomics course is required. A basic statistics/ econometrics course is helpful but not required.

## Textbook

George J. Borjas, *Labor Economics*, 5<sup>th</sup> edition, McGraw-Hill

Pierre Cahuc and André Zylberberger, *Labor Economics*, 1<sup>st</sup> edition, the MIT Press

## Course Requirements and Grading

Quizzes (20 points)

Midterm (30 points)

Final (30 points)

Presentation (20 points)

**\*\*\*There will be NO make-ups for any quizzes/ exams/ presentation\*\*\***

## **Presentation**

Oftentimes, research topics are motivated by the literature. The main purpose of the presentation is to expose you to research works in this field and, perhaps more importantly, to help you develop a research idea for your own thesis. Every two students as a team have to choose one of the journal articles (articles beginning with \*) listed in the *Course Schedule & Supplementary Readings* section or other non-listed papers of their own choice under my approval. Each presentation has 20 minutes. You should prepare slides. The contents of each presentation should include at least, but are not limited to, (1) motivation, research question, method, major findings and (2) your own comments/ critics of the paper presented, and, maybe, future research direction(s).

## **Academic Integrity**

Academic integrity is always highly respected and strictly enforced in my class. Any offense against the University policy of academic integrity is subject to due penalties indicated by the University.

## **Key Dates**

April 10: Midterm exam

May 1: Holiday, no class

May 20: Presentations

May 22: Presentations

May 27: Presentations

May 29: Final exam

## **Course Schedule & Supplementary Readings**

### **1. Introduction**

Borjas, Chapter 1

C & Z, Introduction

### **2. Labor Supply**

Borjas, Chapter 2

C & Z, Chapter 1

Blundell and MaCurdy (1999), "Labor Supply: A Review of Alternative Approaches",  
*Handbook of Labor Economics*

\*Imbens, Rubin and Sacerdote (2001), “Estimating the Effect of Unearned Income on Labor Supply, Earnings, Savings, and Consumption: Evidence from a Survey of Lottery Winners Players,” *The American Economic Review*, 91: 778-794.

\*Biddle and Hamermesh (1990), “Sleep and the Allocation of Time,” *Journal of Political Economy*, 98: 922-943.

\*Mammen and Paxson (2000), “Women’s Work and Economic Development,” *The Journal of Economic Perspectives*, 14 (4): 141-164.

\*Bailey, M. (2006), “More Power to the Pill: the Effect of Contraceptive Freedom on Women’s Life Cycle Labor Supply,” *Quarterly Journal of Economics*, 121:289-320.

MaCurdy, T. (1981), “An Empirical Model of Labor Supply in a Life-Cycle Setting,” *Journal of Political Economy*, 89:1059-85.

\*Altonji, J.G. (1986), “Intertemporal Substitution in Labor Supply: Evidence from Micro Data,” *Journal of Political Economy*, 94: S176-S215.

\*Fernandez, R., A. Fogli and C. Olivetti (2004), “Mothers and Sons: Preference Formation and Female Labor Force Dynamics,” *Quarterly Journal of Economics*, 119(4): 1249-1299.

### 3. Labor Demand

Borjas, Chapter 3

C & Z, Chapter 4

Hamermesh, Daniel (1989), “The Demand for Labor in the Long Run,” *Handbook of Labor Economics*.

Nickell, S. J. (1989), “Dynamic Models of Labour Demand,” *Handbook of Labor Economics*.

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

\*Goldin, Claudia, and Lawrence F. Katz (1998), “The Origins of Technology-Skill Complementarity,” *Quarterly Journal of Economics*, 113: 693-732.

\*Acemoglu, D., D. Autor and D. Lyle, “Women, War and Wages: The Effect of Female Labor Supply on the Wage Structure at Midcentury,” *Journal of Political Economy*, 112:497-551.

### 4. Labor Market Equilibrium, Mobility and Migration

Borjas, Chapter 4 & 8

C & Z, Chapter 2.4 & Chapter 12

Farber, Henry S. (1999), "Mobility and Stability: the Dynamics of Job Change in Labor Markets," *Handbook of Labor Economics*.

Borjas, G. (1999), "The Economic Analysis of Immigration," *Handbook of Labor Economics*.

Borjas, G. (1995), "The Economic Benefits from Immigration," *Journal of Economic Perspectives*, 9: 3-22.

\*Card, David (1990), "The Impact of the Mariel Boatlift on the Miami Labor Market," *Industrial and Labor Relations Review*, 43: 245-257

## 5. Human Capital: Education and Training

Borjas, Chapter 6

C & Z, Chapter 2

Card, David (1999), "The Causal Effect of Education on Earnings," *Handbook of Labor Economics*.

\*Ashenfelter, Orley (1994), "How Convincing is the Evidence Linking Education and Income?" *Labour Economics and Productivity*, 6 (4): 1-12.

## 6. Human Capital: Health

Currie, Janet and B. C. Madrian (1999), "Health, Health Insurance and the Labor Market," *Handbook of Labor Economics*.

\*Smith, James P. (1999), "Healthy Bodies and Thick Wallets: The Dual Relationship Between Health and Economic Status," *Journal of Economic Perspectives*, 13 (2): 145-166.

## 7. Compensating Wage Differentials and Non-wage Compensation

Borjas, Chapter 5

C & Z, Chapter 5

Viscusi, W. K. (1993), "The Value of Risks to Life and Health," *Journal of Economic Literature*, 31: 1912-1946.

Summers, L. (1989), "Some Simple Economics of Mandated Benefits," *American Economic Review*, 79 (2): 177-183.

## 8. The Wage Structure, Inequality, and Intergenerational Mobility

Borjas, Chapter 7

Rosen, S. (1981), "The Economics of Superstars," *American Economic Review*, 71: 845-858.

Solon, G. (1999), "Intergenerational Mobility in the Labor Market," *Handbook of Labor Economics*.

## 9. Race and Gender Differences in Earnings

Borjas, Chapter 9

\*Bertrand, M. and S. Mullanaithan (2004), "Are Emily and Greg More Employable Than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination," *American Economic Review*, 94: 991-1013.

\*Hamermesh, D. and J. Biddle (1994), "Beauty and the Labor Market," *American Economic Review*, 84: 1174-1194.

## 10. Incentive Pay

Borjas, Chapter 11

\*Ehrenberg, R. and M. Bognanno (1990), "Do Tournaments Have Incentive Effects?" *Journal of Political Economy*, 98:1307-1324.

\*Mengistae, T. and L. Xu (2004), "Agency Theory and Executive Compensation: the Case of Chinese State-owned Enterprise," *Journal of Labor Economics*, 22:615-637

## 11. Unemployment

Borjas, Chapter 12

C & Z, Chapter 8

\*Katz, L. and B. Meyer (1990), "Unemployment Insurance, Recall Expectations, and Unemployment Outcomes," *Quarterly Journal of Economics*, 105: 973-1002.

\*Kuhn, P. and M. Skuterud (2004), "Internet Job Search and Unemployment Durations," *American Economic Review*, 94: 218-232.

Note: for empirical methods in labor economics, "Empirical Strategies in Labor Economics" by Angrist and Krueger (1999) in *Handbook of Labor Economics* provides a good coverage.