

The Chinese University of Hong Kong  
Department of Economics  
Term 2, 2022-2023

Instructors:  
Linda YUNG  
Hongliang ZHANG

**LABOR ECONOMICS**  
(ECON5471)

**Time and Venue:** Monday 11:30am-2:15pm

YIA LT7

**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:**

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<b>Office Hours:</b>	<b>Thu 10:30am-11:30am, and by appointment</b>	<b>Mon 10:15am-11:15am, and by appointment.</b>

**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 13, 17 April 2023; location: 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/](http://www.cuhk.edu.hk/policy/academic_honesty/).

## TENTATIVE SCHEDULE OF LECTURES

**Lecture 1: Introduction to Labor Economics**  
(Jan 9) Borjas (B) Chapter 1

**Lectures 2, 3: Labor Supply**  
(Jan 16, Jan 30) B Chapter 2

**Lectures 4, 5: Labor Demand**  
(Feb 6, Feb 13) 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 20) 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: Empirical Strategies in Labor Economics**  
(Feb 27)

Angrist, Josh and Alan Krueger, "Empirical Strategies in Labor Economics," in O. Ashenfelter and D. Card, eds., *Handbook of Labor Economics*, Volume 3, Chapter 23, North Holland, 1999.

Angrist, Josh and William Evans, "Children and Their Parents' Labor Supply: Evidence from Exogenous Variation in Family Size," *American Economic Review*, 88(3), 1998.

Angrist, Josh and Alan Krueger, "Instrumental Variables and the Search for Identification: From Supply and Demand to Natural Experiment," *Journal of Economic Perspectives*, 15(4), 2001.

**Lectures 8, 9: Human Capital: Investments and Returns**  
(Mar 6, Mar 13) B Chapter 6

Becker, Gary and Gregg Lewis, "On the Interaction between the Quantity and Quality of Children," *Journal of Political Economy*, 81(2), 1973.

Becker, Gary and Nigel Tomes, "Child Endowment and Quantity and Quality of Children," *Journal of Political Economy*, 84(2), 1976.

**Human Capital: Empirical Evidence**

Angrist, Josh, "Lifetime Earnings and the Vietnam Era Draft Lottery: Evidence from Social Security Administrative Records," *American Economic Review*, 80(3), 1990.

Angrist, Josh and Alan Krueger, "Does Compulsory School Attendance Affect Schooling and Earnings," *Quarterly Journal of Economics*, 106(4), 1991.

Duflo, Esther, "Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment," *American Economic Review*, 91(4), 2001.

**Lecture 10: Inequality and Decomposition**  
(Mar 20)

DiNardo, John., Nicole Fortin, and Thomas Lemieux, "Labor Market Institutions and the Distribution of Wages, 1973-1992: A Semiparametric Approach," *Econometrica*, 64(5): 1996.

**Lecture 11: Discrimination**  
(Mar 27) B Chapter 10

Lang, Kevin and Ariella Spitzer, "Race Discrimination: An Economic Perspective," *Journal of Economic Perspectives*, 34(2), 2020.

**Lecture 12: Machine Learning in Labor Economics**

(Apr 3)

Mullainathan, Sendhil and Jann Spiess, "Machine Learning: An Applied Econometric Approach," *Journal of Economic Perspectives*, 31(2): 2017.

Angrist, Josh and Brigham Frandsen, "Machine Labor," *Journal of Labor Economics*, 40(S1), 2022.

**Lecture 13: Final Exam (Venue: TBC)**

(Apr 17)