

Labor Economics

Course Title	Labor Economics		
Credit	3	Credit Hours	54 credit hours (one credit hour is 45 minutes)
Course Objectives	Labor economics studies how labor markets work and evaluates market policies both in the US and China. At the end of course, students are expected to have a firm grasp of fundamental models in labor economics and its connections with government policy instruments. Students are also encouraged to use statistical software Stata to complete homework assignments and are expected to be proficient in using Stata to perform data cleaning and regression estimations by the semester ends.		
Course Description	The main topics of the course are labor supply, labor demand, equilibrium of labor market, compensation wage, inequality in wage income, labor mobility, discrimination in labor market, human capital theory, unemployment theory and using micro-level data to analyze individual behavior and the outcomes of labor market policies.		
Course Requirements:			
Prerequisites: Microeconomics, Econometrics (Preliminary)			
Teaching Methods: Lecture, presentation, group discussion			
Instructor's Academic Background: Dr. Jin Feng is the professor of the School of Economics, the chair of the Department of Public Economics of Fudan University, the vice director of Employment and Social Security Research Center of Fudan. She was a visiting scholar in University of Michigan, University of Amsterdam and Tinbergen Institute, Bank of Finland (Bofit), University of Paris1 and Maison des sciences de l'homme. of France. She is selected into “Program for New Century Excellent talents” by Ministry of Education of China. Her research interests focus on labor economics, health economics and social insurance. She has papers published in Journal of Economic Behavior and Organization, World Development, Journal of Comparative Economics, Feminist Economics and Chinese top journals. Email: jfeng@fudan.edu.cn			
Course Schedule This outline may change as the session proceeds.			
1. Introduction			
<ul style="list-style-type: none"> • The Labor Market: Definitions, Facts, and Trends • How the Labor Market Works 			

- Applications of the Theory
- 2. Labor supply**
 - The labor force participation rate
 - The labor supply model and decisions
 - The labor supply curves
 - Estimation of labor supply elasticity
 - Effect of taxes and wage subsidies to labor supply
 - Life cycle aspects of labor supply
- 3. Labor demand**
 - Production functions and labor hiring decisions
 - Long-run labor hiring decisions and long-run labor demand curves
 - Estimation of labor demand elasticity
 - Effects of minimum wage laws on employment
- 4. Labor market equilibrium**
 - Competitive labor market and efficiency
 - Policy application: Wage effects of payroll taxes in labor market
 - Policy application: Wage and employment effect of migration and immigration in labor market
 - Monopsonistic conditions in labor market
- 5. Compensation wage**
 - The risk of injury and wage
 - Policy application : Valuating life ,occupational safety and health regulation
 - Policy application : Wages effects of medical insurance
- 6. Human capital theory**
 - Decision on education investment
 - Modeling the Human Capital Investment Decision
 - Signaling aspect of education
 - Training decision
- 7. Inequality of wage income**
 - Earning distribution
 - Reasons for the widening of inequality in earnings
- 8. Labor mobility**
 - Theories of labor mobility
 - Expressions of labor mobility in the labor market: Harrod-Domar Model
 - Comparison of intergenerational wage of immigrants
 - Job changes
 - Job changes & on-job trainings and ages-wages evolutions
- 9. Labor market discrimination**
 - Differences in earnings by gender, race and ethnicity
 - Definitions of labor market discrimination
 - Employer discrimination、 customer discrimination and employee discrimination
 - Statistical discrimination
 - Measurement of discrimination : Oaxaca procedures
- 10. Union**
 - Unionism in the world : France、 the US and China
 - Decisions in union membership
 - Effect of unions to employment

- The theory of union wage effect
- Other effects of the unions

11. Unemployment

- Introduction of unemployment insurance policies
- Determining unemployment rate
- The theory of job search
- Effect of unemployment insurance on duration of unemployment
- Efficiency wages and unemployment

The design of class discussion or exercise, practice, experience and so on:

- Submitting homework twice a week
- Presenting papers in the class
- Discussing papers during presentation

Grading & Evaluation:

1. Homework: 20%
2. Presentation: 10%
3. Midterm: 20%
4. Final: 50%

Teaching Materials & References:

Textbook:

George Borjas, Labor Economics, the 7th edition, McGraw-Hill Education. www.mhhe.com

Ronald Ehrenberg and Robert Smith, Modern Labor Economics – Theory and Public Policy the 11th edition, Pearson Education.

Literature will be provided as the session proceeds