



Nanchang University ECON 33: Labor Economics

Credit: 4

Contact Hours

This course is composed of 24 lecture sessions, 3 tutorial sessions and 9 office hours. Each lecture session takes 2 contact hours in length; each tutorial session takes 3 contact hours in length; There will be a Q-A review session (3 contact hours) and Final Exam (3 contact hours) at the end of this term. This course has 72 contact hours in total.

Course Description

The main objective of the course is to foster a comprehensive understanding of the theoretical and empirical foundations of the functioning of the labor market. The course will equip students with the analytical tools necessary to analyze labor markets, institutions and individual labor market decisions. Throughout the course particular emphasis will be given on empirical issues and applications.

Required Textbook

Textbook: *Labor Economics*

Author: Pierre Cahuc, Andre Zylberberg

Publisher: The MIT Press

Supplemental Materials

1. *Handbook of Labor Economics*
2. *Journal of Economic Perspectives*

Grading

- Participation 10%
- Assignments 20%
- Quizzes 20%
- Midterm 20%
- Final Exam 30%

A+ 96-100	A 90-95	A- 85-89
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B+ 82-84	B 78-81	B- 75-77
C+ 71-74	C 66-70	C- 62-65
D 60-61	F < 60	

Assignment

All homework assignments must be submitted prior to the due date.
Late work will not be accepted.

Course Schedule

The course has 24 class sessions in total. All sessions are 2 contact hours in length. At the end of this term, there will be a Q-A review session(3 contact hours) and Final Exam (3 contact hours).

Note: the course outline and required readings are subject to change.

Class 1:

Labor Supply

- Chapter 1 of Cahuc and Zylberberg (2004).
- Blundell, R and MaCurdy, T (1999), "Labor supply: A review of alternative approaches," in Ashenfelter, O. And Card, D (eds.), *Handbook of Labor Economics*, vol 3A, Chap. 27, Amsterdam: Elsevier Science / North-Holland.
- Heckman J. J. (1993). "What has been learned about labor supply in the past twenty year?" *American Economic Review, Papers and Proceedings*, 83(2), pp. 116-121.

Class 2:

Labor Supply (Cont.)

- Chapter 1 of Cahuc and Zylberberg (2004).
- Blundell, R and MaCurdy, T (1999), "Labor supply: A review of alternative approaches," in Ashenfelter, O. And Card, D (eds.), *Handbook of Labor Economics*, vol 3A, Chap. 27, Amsterdam: Elsevier Science / North-Holland.
- Heckman J. J. (1993). "What has been learned about labor supply in the past twenty year?" *American Economic Review, Papers and Proceedings*, 83(2), pp. 116-121.

Class 3:

Education and Human Capital

- Chapter 2 of Cahuc and Zylberberg (2004)
- Belzil C. (2007), "The return to schooling in structural dynamic models: survey," *European Economic Review*, 51, pp. 1059 - 1105.
- Card. D. (1999), ""The casual effect of education on earnings," in Ashenfelter, O. and Card, D (eds.), *Handbook of Labor Economics*, vol 3A, Chap. 30, Amsterdam: Elsevier Science / North-Holland.
- Meghir, C. and Rivkin, S. G. (2010), "Econometric methods for research in education", NBER Working Paper, No. 16003.



Class 4:

Education and Human Capital (Cont. 1)

- Chapter 2 of Cahuc and Zylberberg (2004)
- Belzil C. (2007), "The return to schooling in structural dynamic models: survey," *European Economic Review*, 51, pp. 1059 - 1105.
- Card, D. (1999), "The casual effect of education on earnings," in Ashenfelter, O. and Card, D (eds.), *Handbook of Labor Economics*, vol 3A, Chap. 30, Amsterdam: Elsevier Science / North-Holland.
- Meghir, C. and Rivkin, S. G. (2010), "Econometric methods for research in education", NBER Working Paper, No. 16003.

Class 5:

Education and Human Capital (Cont. 2)

- Chapter 2 of Cahuc and Zylberberg (2004)
- Belzil C. (2007), "The return to schooling in structural dynamic models: survey," *European Economic Review*, 51, pp. 1059 - 1105.
- Card, D. (1999), "The casual effect of education on earnings," in Ashenfelter, O. and Card, D (eds.), *Handbook of Labor Economics*, vol 3A, Chap. 30, Amsterdam: Elsevier Science / North-Holland.
- Meghir, C. and Rivkin, S. G. (2010), "Econometric methods for research in education", NBER Working Paper, No. 16003.

Assignment 1

Class 6:

Labor Demand

- Chapter 4 of Cahuc and Zylberberg (2004)
- Hameresh, D. (1993), *Labor Demand*, Princeton, N. J.: Princeton University Press.

Class 7:

Compensation Wage Differentials and Discrimination

- Chapter 5 of Cahuc and Zylberberg (2004)
- Altonji, J. and Blank, R. (1999), "Race and gender in the labor market," in Ashenfelter, O. and Card, D (eds.), *Handbook of Labor Economics*, vol 3C, Chap. 48, Amsterdam: Elsevier Science / North-Holland.
- Arrow, K. (1998), "What has economics to say about racial discrimination?" *Journal of Economic Perspectives*, 12, pp. 91 - 100

Class 8:

Compensation Wage Differentials and Discrimination (Cont.)

- Chapter 5 of Cahuc and Zylberberg (2004)
- Altonji, J. and Blank, R. (1999), "Race and gender in the labor market," in Ashenfelter, O. and Card, D (eds.), *Handbook of Labor Economics*, vol 3C, Chap. 48, Amsterdam: Elsevier Science / North-Holland.



- Arrow, K. (1998), "What has economics to say about racial discrimination?" *Journal of Economic Perspectives*, 12, pp. 91 - 100

Class 9:

Contracts and Unions

- Chapter 6 and 7 of Cahuc and Zylberberg (2004)

- Lazear, E. (1999), "Personal economics: Past lessons and future directions," *Journal of Labor Economics*, 17, pp. 19 - 236

Assignment 2

Class 10:

Job Search

- Chapter 3 of Cahuc and Zylberberg (2004)

- Burdett, K. and Mortensen D. (1998), "Wage differentials, employer size and unemployment," *International Economic Review*, 39, pp. 257 - 273.

- Mortensen, D. (1986), "Job search and labor market analysis," in Ashenfelter, O. and Layard, R (eds.), *Handbook of Labor Economics*, vol 2, pp. 849 - 919, Amsterdam: Elsevier Science / North - Holland.

- Mortensen, D. and Pissarides, C. (1999), "New developments in models of search in the labor market," in Ashenfelter, O. and Card, D (eds.), *Handbook of Labor Economics*, vol 3B, Chap. 39, Amsterdam: Elsevier Science / North - Holland.

Class 11:

Job Search (Cont.)

- Chapter 3 of Cahuc and Zylberberg (2004)

- Burdett, K. and Mortensen D. (1998), "Wage differentials, employer size and unemployment," *International Economic Review*, 39, pp. 257 - 273.

- Mortensen, D. (1986), "Job search and labor market analysis," in Ashenfelter, O. and Layard, R (eds.), *Handbook of Labor Economics*, vol 2, pp. 849 - 919, Amsterdam: Elsevier Science / North - Holland.

- Mortensen, D. and Pissarides, C. (1999), "New developments in models of search in the labor market," in Ashenfelter, O. and Card, D (eds.), *Handbook of Labor Economics*, vol 3B, Chap. 39, Amsterdam: Elsevier Science / North - Holland.

Class 12:

Review and Discussion

Midterm

Class 13:

Job Reallocation and Unemployment

- Chapter 9 of Cahuc and Zylberberg (2004)

- Mortensen, D. and Pissarides, C. (1994), "Job creation and job destruction in the theory of unemployment," *Review of Economic Studies*, 61, pp. 397 - 415.

- Pissarides, C. (2000), *Equilibrium Unemployment Theory*, 2nd. Cambridge Mass: MIT Press.



Class 14:

Job Reallocation and Unemployment (Cont.)

- Chapter 9 of Cahuc and Zylberberg (2004)
- Mortensen, D. and Pissarides, C. (1994), "Job creation and job destruction in the theory of unemployment," *Review of Economic Studies*, 61, pp. 397 - 415.
- Pissarides, C. (2000), *Equilibrium Unemployment Theory*, 2nd. Cambridge Mass: MIT Press.

Quiz 1

Class 15:

Labor Market Policies and Institutions

- Chapter 11 of Cahuc and Zylberberg (2004)
- Atkinson A. and Mickelwright, J. (1991), "Unemployment compensation and labor market transitions: A critical review" *Journal of Economic Literature*, 29, pp. 1679 - 1717.
- Heckman, J., Lalonde, R. and Smith, J. (1999), "The economics and econometrics of active labor market programs," in Ashenfelter, O. and Card, D (eds.), *Handbook of Labor Economics*, vol 3A, Chap. 31, Amsterdam: Elsevier Science / North - Holland.

Class 16:

Labor Market Policies and Institutions (Cont. 1)

- Chapter 11 of Cahuc and Zylberberg (2004)
- Atkinson A. and Mickelwright, J. (1991), "Unemployment compensation and labor market transitions: A critical review" *Journal of Economic Literature*, 29, pp. 1679 - 1717.
- Heckman, J., Lalonde, R. and Smith, J. (1999), "The economics and econometrics of active labor market programs," in Ashenfelter, O. and Card, D (eds.), *Handbook of Labor Economics*, vol 3A, Chap. 31, Amsterdam: Elsevier Science / North - Holland.

Class 17:

Labor Market Policies and Institutions (Cont. 2)

- Chapter 11 of Cahuc and Zylberberg (2004)
- Atkinson A. and Mickelwright, J. (1991), "Unemployment compensation and labor market transitions: A critical review" *Journal of Economic Literature*, 29, pp. 1679 - 1717.
- Heckman, J., Lalonde, R. and Smith, J. (1999), "The economics and econometrics of active labor market programs," in Ashenfelter, O. and Card, D (eds.), *Handbook of Labor Economics*, vol 3A, Chap. 31, Amsterdam: Elsevier Science / North - Holland.

Class 18:

Review and Discussion

Quiz 2

Class 19:

Institutions and Labor Market Performance

- Chapter 12 of Cahuc and Zylberberg (2004)
- Layard, R. and Nickell, S. (1999), "Labor market institutions and economic performance," in Ashenfelter, O. and Card, D (eds.), *Handbook of Labor Economics*, vol 3C, Chap. 46, Amsterdam:



Elsevier Science / North - Holland.

Class 20:

Institutions and Labor Market Performance (Cont. 1)

- Chapter 12 of Cahuc and Zylberberg (2004)

- Layard, R. and Nickell, S. (1999), "Labor market institutions and economic performance," in Ashenfelter, O. and Card, D (eds.), *Handbook of Labor Economics*, vol 3C, Chap. 46, Amsterdam: Elsevier Science / North - Holland.

Class 21:

Institutions and Labor Market Performance (Cont. 2)

- Chapter 12 of Cahuc and Zylberberg (2004)

- Layard, R. and Nickell, S. (1999), "Labor market institutions and economic performance," in Ashenfelter, O. and Card, D (eds.), *Handbook of Labor Economics*, vol 3C, Chap. 46, Amsterdam: Elsevier Science / North - Holland.

Class 22:

Case Study: Procter & Gamble Law Dispute

Class 23:

Individual Report & Field Trip

Class 24:

Preparation for the final exam

Attending Policy

Regular and prompt attendance is required. Under ordinary circumstances, you may miss two times without penalty. Each absence over this number will lower your course grade by a third of a letter and missing more than five classes may lead to a failing grade in the course. Arriving late and/or leaving before the end of the class period are equivalent to absences.

Policy on "Late Withdrawals"

In accordance with university policy, appeals for late withdrawal will be approved ONLY in case of medical emergency and similar crises.

Academic Honesty

Nanchang University expects all students to do their own work. Instructors will fail assignments that show evidence of plagiarism or other forms of cheating, and will also report the student's name to the University administration. A student reported to the University for cheating is placed on disciplinary probation; a student reported twice is suspended or expelled.



General Expectations:

Students are expected to:

- Attend all classes and be responsible for all materials covered in class and otherwise assigned;
- Complete the day's required reading and assignments before class;
- Review the previous day's notes before class and make notes about questions you have about the previous class or the day's reading;
- Participate in class discussions and complete required written work on time;
- Refrain from texting, phoning or engaging in computer activities unrelated to class during the class period;
- While class participation is welcome, even required, you are expected to refrain from private conversations during the class period.

Special Needs or Assistance

Please contact the Administrative Office immediately if you have a learning disability, a medical issue, or any other type of problem that prevents professors from seeing you have learned the course material. Our goal is to help you learn, not to penalize you for issues which mask your learning.