



## Course Outline

### EE 471 LABOR ECONOMICS

Semester 1/2021 (August 9 – November 27, 2021)

**Number of Credit:** 3 credits (3-0-6)

**Prerequisite:** a) EE312 and EE211 (or EE213) or b) EE311 and EE212 (or EE214)

**Course Description:** Studying the supply and demand of labor in the short-term and long-term, as well as improving labor quality. Types of labor markets, wage structures, and the role of labor unions. The role of government in the labor market as employer and regulator. Human capital, labor mobility and discrimination in the labor market, and the effect of globalization and integration on employment. The course pays special attention to how labor market works in developed and developing countries and their implications for public policy.

**Course Objectives:** The objective of this course is to provide you an understanding with models of how firms make decisions about their need for workers, how workers make labor supply decisions, and how wages and other benefits are determined. We will discuss important issues such as immigration, discrimination, and unions. Throughout the course, we will examine the effects of relevant public policies such as minimum wage, payroll tax, and employment subsidies on the labor market. Students will have an opportunity to apply these understanding and interest on specific labor topic on their research paper.

## Class Time and Logistic

**Class day:** WF

**Class time:** 9:30-11 hrs

**Teaching Materials Platform:** BE Moodle

**Meeting Platform:** [Zoom]

Kaewkwan Tangtipongkul is inviting you to a scheduled Zoom meeting.

**Topic:** EE471 Labor Economics

**Time:** Aug 11, 2021 09:30 AM Bangkok

Every week on Wed, Fri, until Nov 26, 2021, 32 occurrence(s)

Join Zoom Meeting

<https://us02web.zoom.us/j/87169890141?pwd=MDZYOVIVaTVBcVZuMTA1K3dvTFpKZz09>

### Instructor:

**Name:** Assistant Professor Dr. Kaewkwan Tangtipongkul

**Office Hours:** WF 11-12 hrs or by appointment

**Email:** kaewkwan@econ.tu.ac.th



Group Line:

### Main Text:

\*\*\*Borjas, G. (2019). Labor Economics. 8th ed. McGraw-Hill, USA. (Main textbook)

## Recommended Texts & Materials

Several articles from each topic reading list

Basic Econometrics textbook (optional)

Statistics and databases on employment, social, economic and other indicators:

International Labour Office: Statistics and databases

<http://www.ilo.org/global/statistics-and-databases/lang--en/index.htm>

International Labour Office: Key Indicators of the Labour Market (KILM):

<http://www.ilo.org/global/statistics-and-databases/research-and-databases/kilm/lang--en/index.htm>

World Bank: Database on employment

<http://datatopics.worldbank.org/jobs/>

World Bank: World Development Indicators (WDI)

<http://data.worldbank.org/data-catalog/world-development-indicators>

Asian Development Bank: Statistics and databases:

<http://www.adb.org/data/statistics>

## Important dates:

|                                                                                        |                                                   |
|----------------------------------------------------------------------------------------|---------------------------------------------------|
| Class Begins                                                                           | August 9, 2021                                    |
| Adding and Dropping Course                                                             | August 16-19, 2021                                |
| Midterm Exam Period                                                                    | September 27 - October 3, 2021                    |
| Midterm Exam                                                                           | Wednesday, September 29, 2021<br>09.00 – 11.00 AM |
| (No lectures will be given during the mid-term week of September 27 - October 3, 2021) |                                                   |
| Course Withdrawal with “W”                                                             | October 11 – November 15, 2021                    |
| Class Ends                                                                             | November 27, 2021                                 |
| Final Exam                                                                             | Saturday, December 11, 2021<br>09.00-11:30 AM     |

**Grading Criteria:** The final grade of the course will be based on the following items:

|                                                 |           |
|-------------------------------------------------|-----------|
| Team/ Individual proposal paper + presentations | 15 points |
|-------------------------------------------------|-----------|

(Proposal presentation starts from November 12th, 2021)

|                                                            |          |
|------------------------------------------------------------|----------|
| Team/ Individual News or Article Presentation (10 minutes) | 5 points |
|------------------------------------------------------------|----------|

(Team/ Individual News or Article Presentation starts from September 15th, 2021)

|                                    |           |
|------------------------------------|-----------|
| Class attendance and participation | 10 points |
|------------------------------------|-----------|

|              |           |
|--------------|-----------|
| Midterm Exam | 30 points |
|--------------|-----------|

|            |           |
|------------|-----------|
| Final Exam | 40 points |
|------------|-----------|

Note: Midterm and final exam dates are not changed due to the official schedule from BE program. Only physical condition with approval medical document is allowed for postponing the exam.

### **Paper and presentation**

Students may select any topics related to Labor Economics. Report can be written in individual or group maximum of 2 students. The purpose of this paper is for students to develop a research topic. Students may select any topics related to Labor Economics. For example, minimum wages, wages differential between gender and race, return to schooling, international labor mobility, government pension fund, agricultural labor market, workplace environment and compensation etc. Empirical study or Theoretical works are equally preferred.

Students will be assigned to present your own topic after the midterm. The length of the presentation is approximately 10-15 minutes, followed by Q&A. After the presentation, students can get feedback from instructor and classmates to improve and make some changes before submitting the final version at the end of semester.

The paper must include introduction, literature review, conceptual/ theoretical framework, data description and empirical methodology and references. Lengthwise, the paper should be 10 double-spaced pages, excluding graphs and tables. The total score is based on completion of each section. Copy and plagiarize are prohibited, your score will be zero for plagiarism or copy without appropriate citation and reference (see MLA or APA citation style).

The examples of style are in website

MLA Style: <http://www.liu.edu/CWIS/CWP/library/workshop/citmla.htm>

APA Style: <http://www.liu.edu/CWIS/CWP/library/workshop/citapa.htm>

Chicago Style: <http://www.liu.edu/cwis/cwp/library/workshop/citchi.htm>

### **Academic Honesty**

You are expected to be honest in all of your academic work. Copying is plagiarism and will be treated as an honor code violation. Potential sanctions include failure in the course and suspension from the university.

## Conduct and Manner

Ethics is all above everything, far more valuable than merely subject knowledge. Accordingly, plagiarism and cheating, including any possible plagiarism and cheating, will be subject to penalties as stated in the University Regulations. More importantly, to achieve overall objectives of learning, it is strongly advised that all students of EE471 class behave in proper manner with socially acceptable and right conduct.

Below is advised code of conduct to be performed in EE471 class. Achieving and maintaining the code of conduct throughout the course will surely be awarded.

1. No mobile phones used. This includes silent mode, message sending, LINE, and all social network communication that would interfere teaching and learning.
2. Be punctual. Yet it is understood that students may have continuing classes that cause delay. It is acceptable if it is a few minutes late. But unnecessary delay should be avoided. Even if students are on time, they are advised not to leave the room without unnecessary purposes.
3. Behave. Other socially acceptable manner should be practiced here. For example, this is a classroom whereby food and drink is not allowed. This is the university whereby students wear proper dress.

### Expected Learning Outcomes:

#### 1. Morality and Ethics

| Applicability | Learning Goals                                                                                         |
|---------------|--------------------------------------------------------------------------------------------------------|
| ●             | 1.1 Students demonstrate integrity.                                                                    |
| ○             | 1.2 Students prioritize social and public benefits over personal ones.                                 |
| ●             | 1.3 Students are punctual and comply with the code of conduct of the institution and society at large. |
| ●             | 1.4 Students are responsible and accountable to society, the nation, and the subject of economics.     |
| ●             | 1.5 Students realize the cultural and environmental value of the sustainable society.                  |

#### 2. Knowledge

| Applicability | Learning Goals                                                                                                                                                                                                                                                                 |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ●             | 2.1 Students know and understand modern economics principles and theories, and are up to date with new developments.                                                                                                                                                           |
| ●             | 2.2 Students know and understand Thai and global economic structure, and the importance of major international economic events.                                                                                                                                                |
| ●             | 2.3 Students know and understand instruments of economic analysis.                                                                                                                                                                                                             |
| ●             | 2.4 Students know and understand applied fields in economics, including monetary, public, international, business, natural resource and environmental, industrial, agricultural, cooperative, political, developmental, and entrepreneurial economics as well as agribusiness. |

|   |                                                                                                                                  |
|---|----------------------------------------------------------------------------------------------------------------------------------|
| ● | 2.5 Students are informed about related fields including sociology, business administration, education, law policy, and science. |
|---|----------------------------------------------------------------------------------------------------------------------------------|

### 3. Intellectual Development

| Applicability | Learning Goals                                                                                                                                                                                                                                                                                              |
|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ●             | 3.1 Students have developed individual critical thinking.                                                                                                                                                                                                                                                   |
| ●             | 3.2 Students are sufficiently trained in research skills.                                                                                                                                                                                                                                                   |
| ●             | 3.3 Students demonstrate an ability to analyze and synthesize data, as well as appropriately integrate economics concepts to understand causes of current economic problems in Thailand. Based on analysis and synthesis, students demonstrate an ability to propose policy guidelines to resolve problems. |

### 4. Interpersonal Skills and Responsibilities

| Applicability | Learning Goals                                                                                |
|---------------|-----------------------------------------------------------------------------------------------|
| ●             | 4.1 Students are responsible for assigned tasks and work in groups effectively.               |
| ●             | 4.2 Students have problem-solving skills.                                                     |
| ●             | 4.3 Students show leadership skills and team spirit.                                          |
| ●             | 4.4 Students are always improving themselves.                                                 |
| ●             | 4.5 Students have good interpersonal skills, adapting and working under different conditions. |

### 5. Quantitative Analysis, Communication and Information Technology

| Applicability | Learning Goals                                                                                                                                                            |
|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ●             | 5.1 Students select and apply appropriate statistical and mathematical methods for data processing, interpretation, conclusions, and recommendations to resolve problems. |
| ●             | 5.2 Students communicate effectively and select appropriate presentation methods.                                                                                         |
| ●             | 5.3 Students use information and communication technologies appropriately to gather data as well as process, interpret, and present results.                              |

## **Tentative Class Schedule:**

### **1. Introduction to labor economics**

1.1 Data in Labor market

1.2 Empirical strategies in labor economics

Reading Lists:

\*\*\* Borjas (Chapter 1)

Angrist, Joshua, and Alan Krueger. "Empirical Strategies in Labor Economics." The Handbook of Labor Economics. Vol. 3A. 1999, chapter 23, sections 3 and 4, pp. 1278-1357.

Deaton, Angus. 1997. The Analysis of Household Surveys, The Johns Hopkins University Press, Chapters 1

### **2. Labor Supply**

2.1 Measuring the Labor force

2.2 The Labor supply curve

2.3 Labor supply over the Life Cycle

2.4 Policy Application

2.5 Empirical Finding

Reading Lists:

\*\*\* Borjas (Chapter 2)

Ashenfelter, Orley. "Macroeconomic and Microeconomic Analyses of Labor Supply." Carnegie-Rochester Conference on Public Policy 21 (1984): 117-156.

Becker, Gary S. 1965. "A Theory of the Allocation of Time," The Economic Journal, September, pp. 493-517.

Chiappori, Pierre-Andre. 1992. "Collective Labor Supply and Welfare," Journal of Political Economy, Vol. 100, No.3, pp.437-467.

MaCurdy, Thomas. 1981. "An Empirical Model of Labor Supply in a Life-Cycle Setting," Journal of Political Economy 89, pp. 1059-85.

### 3. Labor Demand

3.1 The Production Function

3.2 The Employment Decision in the Short Run and Long Run

3.3 Substitution and Income Effect Analysis

3.4 Elasticity Analysis

3.5 Minimum Wage

Reading Lists:

\*\*\* Borjas (Chapter 3)

Card, David, and Alan Krueger. 1995. "Myth and Measurement: the New Economics of Minimum Wage", selected chapters, (Princeton: Princeton University Press)

Hamermesh, Daniel. "The Demand for Labor in the Long Run." Chapter 8 in Handbook of Labor Economics. Vol. 1. Amsterdam, Netherlands: North-Holland, 1986.

Tito Boeri and Jan Van Ours (2008). The Economics of Imperfect Labor (Chapter 2 Minimum Wage). Princeton University Press.

### 4. Market Equilibrium

4.1 Equilibrium and Adjustment

4.2 Static and Dynamic Equilibrium

4.3 Market Structure

4.4 Policy Applications

4.5 Practical Wage Determination

Reading Lists:

\*\*\* Borjas (Chapter 4)

Tangtipongkul, K., & Srisuchart, S. (2018). The Decision to Retire Early: Evidence from Private Service Sector in Thailand. Journal of Population and Social Studies [JPSS], 26(2), 149 - 164. Retrieved from <https://www.tci-thaijo.org/index.php/jpss/article/view/117180>

## 5. Compensating Wage Differentials

5.1 The Market for Risky Jobs

5.2 The Hedonic Wage Function

5.3 Compensating Differentials and Job Amenities

5.4 Policy Application: Safety and Health Regulations

Health Insurance and the Labor Market

Reading Lists:

\*\*\* Borjas (Chapter 5)

## 6. Human Capital

6.1 Education and Earnings

6.2 Estimating the rate of return to schooling

6.3 On the Job Training

6.4 On the Job Training and the Age-Earnings Profile

6.5 Policy Application

Reading Lists:

\*\*\* Borjas (Chapter 6)

Abraham, Katharine G., and Henry S. Farber. 1987. "Job Duration, Seniority, and Earnings," *American Economic Review*, 77(3), pp. 278-97.

Altonji, Joseph, and J. Shakotko. 1987. "Do Wages Rise with Seniority?" *Review of Economic Studies*, LIV, pp. 437-59.

Angrist, Joshua D., and Alan B. Krueger. 1991. "Does Compulsory School Attendance Affect Schooling and Earnings?" *Quarterly Journal of Economics*, CVI(4), p. 979-1014.

Becker, Gary S. 1993. *Human Capital*, Chicago: University of Chicago Press, Chapters II, III, IV, and V (section 2). (Mostly from his original book of 1964 NBER)

Bosworth et al. (Chapter 15, 16, 17)

Card, David. 1999. "The Causal Effect of Education and Earnings," *Handbook 3A*, Ch. 30.

Card, David, and Alan B. Krueger. 1992. "Does School Quality Matter? Returns to Education and the Characteristics of Public Schools in the United States," *Journal of Political Economy* 100: 1-40.

Korenman, Sanders, and David Neumark. 1991. "Does Marriage Really Make Men More Productive?" *Journal of Human Resources* 26(2): 282-307.

Tangtipongkul, K. (2015). Rate of return to schooling in Thailand. Asian Development Review, 32(2), pp. 38-64.

Punyasavatsut, C., Laovakul, D., Tangtipongkul, K., Warunsiri, S., & Srisuchart, S. (2016). National Education Accounts of Thailand 2008-2013 Methodology and Key Findings. Quality Learning Foundation and Health Promotion Foundation.

Tangtipongkul, K. (2016). Scale Economies in Public Vocational Education: Empirical Evidence from Thailand. Southeast Asian Journal of Economics, 4(2), July – December.

=====MIDTERM EXAM: September 29, 2021, 9:00-11:00hrs.=====

## **7. The Wage Structure**

7.1 The Earnings Distribution

7.2 Measuring Inequality

7.3 The Wage Structure

7.4 Policy Application: Why Did Wage Inequality Increase?

7.5 The Earnings of Superstars

Reading Lists:

\*\*\* Borjas (Chapter 7)

## **8. Labor Mobility**

8.1 Geographic Migration as a Human Capital Investment

8.2 Family Migration

8.3 The Decision to Immigrate

8.4 Job Turnover

8.5 Policy Applications

Reading Lists:

\*\*\* Borjas (Chapter 8)

Farber, Henry S. 1999. "Mobility and Stability: The Dynamics of Job Change in Labor Markets", Handbook 3B, Ch. 37.

Farber, Henry S. 1994. "The Analysis of Interfirm Worker Mobility," Journal of Labor Economics, Vol. 12 no. 4, pp. 554-93.

Topel, Robert H. and Michael P. Ward, 1992. "Job Mobility and the Careers of Young Men", Quarterly Journal of Economics, vol. 107, 441-79.

Mortensen, D., and C. Pissarides. 1999. "New Developments in Models of Search in the Labor Market" Handbook 3B Chapter 39.

OECD/ILO (2017), How Immigrants Contribute to Thailand's Economy, ILO, Geneva 22/OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264287747-en>

Tangtipongkul, K., & Khiev, V. (2019). The Effect of Remittance on Economic Growth in Cambodia. Journal of Population and Social Studies [JPSS], 27(3), 232 - 246. Retrieved from <https://www.tci-thaijo.org/index.php/jpss/issue/view/13850>

## **9. Labor Market Discrimination**

### 9.1 Race and Gender in the Labor Market

### 9.2 Experimental and Empirical Studies

### 9.3 Policy Applications

Reading Lists:

\*\*\* Borjas (Chapter 9)

Altonji, Joseph G. and Rebecca Blank. 1999. "Race and Gender in the Labor Market." Handbook 3C. Ch. 48.

Becker, Gary S. 1971. The Economics of Discrimination (Chicago, IL: The University of Chicago Press), Chapters 1-5.

Goldin, Claudia. and Cecila Rouse. 2000. "Orchestrating Impartiality: The Impact of "blind" Auditions on Female Musicians," American Economic Review, 90:715-741.

## **10. Labor Unions**

### 10.1 Efficient Bargaining

### 10.2 Strike

### 10.3 Union Wage Effect

Reading Lists:

\*\*\* Borjas (Chapter 10)

## **11. Incentive Pay**

### 11.1 Piece Rates and Time Rates

### 11.2 Tournaments

### 11.3 Efficiency Wages

Reading Lists:

\*\*\* Borjas (Chapter 11)

Ehrenberg, Ronald G., and Michael L. Bognanno. 1990. "Do Tournaments Have Incentive Effects?" *Journal of Political Economy*, 98(6), pp. 1307-24.

## 12. Unemployment

12.1 Type of Unemployment

12.2 Job search

12.3 Efficiency Wages

12.4 Implicit Contracts

Reading Lists:

\*\*\* Borjas (Chapter 12)

Tangtipongkul, K. & Wangmo, D. (2017). Determinants of Unemployment: Characteristics and Policy Responses in Bhutan. *Southeast Asian Journal of Economics*, 5(2), December.

=====FINAL EXAM: December 11, 2021,9:00-12:00 hrs. =====

Remarks:

- Mid-Term Examination: Wednesday, September 29, 2021 (9:00-11:00 hrs.)
- Final Examination: Monday, December 11, 2021 (9:00-11:30 hrs.)