COURSE OVERVIEW

The objective of this course is to introduce students to main theoretical and empirical issues in modern labour economics, as well as to provide them with tools used in the empirical analysis of labour markets. This course includes theory, evidence and policy. The main topics include labour demand, labour supply and time allocation decisions, schooling and job training, human capital investment, wage determination, unemployment, minimum wage, returns to schooling, discrimination, and immigration. For each major topic covered we will derive testable implications, provide insights into the research methodology, discuss the advantages and limitations of existing empirical work, and draw policy conclusions. At the end of the course, students are expected to be able to theoretically and empirically analyse important labour market phenomena, as well as various public policy issues - such as government training programs, minimum wage policies, unemployment insurance and welfare benefits.

Learning Outcomes
Upon completion of the course the students should:

- understand how labour markets work in theory and practice;
- be able to connect theoretical models with empirical predictions with a critical eye towards the appropriate choice of behavioral and econometric modeling frameworks;
- apply economic principles to the analysis of labour market issues;
- understand methods of handling static and dynamic models of various individual choices and labour market outcomes, be able to analyse and interpret the results;
- be able to critically evaluate current policy debates related to the labour market such as government training programs, minimum wage policies, unemployment insurance benefits, family friendly work policies and welfare benefits;
- be able to apply the general theoretical and applied frameworks introduced in class to a wide range of issues related to the labour market such as human capital investment, education, or household economics.
Course Delivery
The course is taught through a two-hour lecture and a one-hour seminar every week. Lectures introduce the relevant economic models and highlight the central economic arguments behind these models. Weekly seminars are aimed at practicing solving problems related to the topics covered in the lectures, as well as discussing relevant empirical evidence. Lectures and classes are complementary ways of achieving the learning outcomes in this course. To obtain a good result in the final exam students are advised to attend all lectures and to complete the problem sets each week before showing up in class. The problem sets are designed to prepare students for the exam.

Course Assessment
The final mark is composed of

- Weekly problem sets 20% (4x5%)
- Midterm Exam 20%
- Final Exam 60%

Problem Sets: Students will be assigned weekly problem sets after each lecture. They will have to submit 4 of these problem sets in the following week’s seminar, which will count towards their final mark (5% each).

Exams: Both midterm and final exams will be closed book, closed notes exams. They will cover the material presented in lectures and seminars and will test your knowledge and understanding of the material covered in the course, your ability to manipulate, compare, and logically explain diagrammatic and mathematical versions of the models, your ability to apply the models and theories to real world situations, and your ability to critically appraise the models and their applications.

It is your responsibility to arrive at the exam on time. Students who arrive late will not be given additional time, and anyone arriving after other students have finished will not be permitted to take the exam.

Academic Integrity and Dishonesty: Cheating and plagiarism will not be tolerated.

READING
The course is mainly based on the lecture slides, which will be made available for download on the course website. The course outline (see below) lists a number of journal articles as a background reading material. These papers will be used for demonstrating application of methods introduced in class. Copyrights permitting, I will post these papers on the course Moodle page.
Handouts. Note that NO handouts of lecture materials will be provided. Lecture slides are
designed to support a lecture presentation. They are NOT lecture notes. Students are
expected to attend lectures and, if they wish, make their own notes.

The following textbooks are recommended as a core reading material:

- Derek Laing, Labor Economics: Introduction to Classic and the New Labor
- J. Angrist and S. Pischke, Mostly Harmless Econometrics: An Empiricist’s Companion,

TENTATIVE COURSE OUTLINE

- Econometric models of probabilistic choice, limited dependent variables
- Labour supply and labour demand
- Human capital investment, education and on-the-job training
- Search models, job turnover and wage-tenure relationship
- Wage dispersion with worker and firm heterogeneity
- Discrimination: theory, evidence and policy
- Labour mobility, immigration and outsourcing
- Policy evaluations: minimum wages, unemployment benefits, employment
  protection, welfare benefits

Time permitting we will also consider topics on fertility and marriage.

REFERENCES
Dustmann, Christian and Costas Meghir (2005), "Wages, Experience, and Seniority," Review of
Feldstein, Martin and James Poterba (1984), "Unemployment insurance and reservation wages",
Journal of Public Economics, 23:141-167