INTRODUCTION

Course Overview
This is a half year course examining the economic issues of labour markets. It will focus on labour supply and demand, human capital, earnings inequalities, labour mobility, and discrimination.

Course Aims
This course will build upon Microeconomics and Macroeconomics introduced in Years 1 and 2 in order to develop an understanding of some of the principal issues in modern labour economics, while providing opportunities to practice and develop a range of key skills.

This course will analyse topics of behaviour and outcomes in labour markets and other related markets. We will discuss the way in which labour markets are organized and what implications this has for individual outcomes. We begin by considering the behaviour of firms (labour demand) and workers (supply) and examine how labour market equilibrium is obtained. After that, we turn to a variety of topics such as the returns to education, labour mobility, and inequality. The main analytical tools will be theoretical but we will also be using real-world examples and applied techniques in order to evaluate the theoretical models and relate them to topical issues in public policy. You will need to be prepared to use microeconomics, algebra, and basic econometrics.

Learning Outcomes

Upon completion of the course students should:

- understand the basic theoretical models of labour economics and how these can be applied to policy issues;
- understand the underlying empirical approaches used to evaluate these models and be familiar with the empirical work conducted to test their predictions;
- be able to manipulate these models, and be able to analytically solve problems relating to labour markets;
- be able to apply the models to important policy areas whilst being aware of the limitations of the theory;
- be able to apply the models to firms personnel practices;
- have an overview of the main areas in labour economics and be able to read journal articles and understand the main issues presented.
**Course Delivery**

The course will be delivered through a two-hour lecture and a one-hour seminar each week. Specific learning outcomes and readings are provided for each week. Seminars will be used both to present new material and to solve problems. Students are required to regularly attend lectures and seminars. Poor attendance could result in your being given an ‘Attendance Fail’ (AF) for the entire course and even cost you the academic year. The lecturer will be available for consultations during the advertised office hours.

**Course Assessment**

**Summative assessment**

A two-hour unseen exam for this course will be given during the summer term and will count for 60% of the mark. The exam will test your knowledge and understanding of all the material covered during the course; your ability to manipulate and solve algebraic versions of the models you have learned; your ability to apply these models to “real” economics situations. The mark for the examination will count in the classification of the degree to be awarded.

During the term the student will also be given 4 in-class unseen exams. These exams will be held during the seminar hours of teaching 4, 6, 8 and 10. Each exam will count for 10% of the mark.

**Formative assessment**

During the term, students will be assigned 2 problem sets. Students are expected to prepare written answers to these problem sets, which will be collected at the beginning of the seminar. In addition, students will be given practice questions, which will not be collected, but which will serve to help with students’ review of materials covered in lectures as well as with their preparation for exams. We will cover the solutions to the problem sets as well as practice questions during seminar hours and lectures. Poor attendance could result in your being given an ‘Attendance Fail’ (AF) for the entire course and even cost you the academic year. Students are also required to seriously attempt at each piece of formative assessment in order to sit the final exam.

**READING: GENERAL**


*Before each lecture, you should read the relevant chapter for that class.* Below, you can find a tentative schedule for what chapters to read for each lecture. This is only a tentative schedule as the dates or order of topics might change throughout the term, depending on our pace. If such changes occur for a particular lecture, it will be announced the week before that class.

*Before each lecture, you will also need to read a journal article that will help you understand the topic for that class more deeply.* For some lectures, a student will be chosen to briefly summarize the article of that day. In the below schedule, you can find the titles for the articles to be read for each lecture. These articles will expose you to academic research, which will help you see the kinds of questions asked by labour economists and the relevance of the concepts that we study in class to real-world applications.

All of these articles are available online at UK – JSTOR. [http://uk.jstor.org/cgi-bin/jstor/listjournal?frame=noframe#Economics](http://uk.jstor.org/cgi-bin/jstor/listjournal?frame=noframe#Economics) - please see the Information Services’ Information...
SYLLABUS AND OTHER READINGS

I. Introduction, Overview of Labour Markets, Labour Supply (Lecture 1).
   Borjas: Chapters 1 and 2.

II. Labour Demand (Lecture 2).
   Borjas: Chapter 3.
   Claudia Goldin and Lawrence F. Katz, “The Origin of Technology-Skill Complementarity,” Quarterly

III. Labour Market Equilibrium (Lecture 3).
   Borjas: Chapter 4.

IV. Human Capital (Lecture 4).
   Borjas: Chapter 6.
   Jacob Mincer, “Investment in Human Capital and Personal Income Distribution,” Journal of Political

   Borjas: Chapter 6.
   David Card, “Estimating the Return to Schooling: Progress on Some Persistent Econometric

VI. The Wage Structure (Lecture 6).
   Borjas: Chapter 7.
   Chinhui Juhn, Kevin M. Murphy and Brooks Pierce, “Wage Inequality and the Rise in Returns to
VII. Labour Mobility (Lecture 7).

Borjas: Chapter 8.

VIII. Labour Market Discrimination (Lecture 8).

Borjas: Chapter 9.

IX. Labour Unions (Lecture 9).

Borjas: Chapter 10.

X. Compensating Wage Differentials (Lecture 10).

Borjas: Chapter 5.