

Syllabus

Structure and content

This course provides an introduction into modern labor economics. Participants will be familiarized with the core theoretical models of modern labor economics and the basic methods of modern empirical labor economics. As such the course will be divided into two parts: the lecture where the theory is taught as well as the exercise class which are „hands on“ sessions (3 all together to allow each students to work on a PC) in order to be able to conduct an empirical economic analysis.

The lecture will cover the following topics:

I. Structure of the labor market

1. Labor supply
2. Labor demand
3. Labor market equilibrium

The objective of this part is to provide an understanding of the determinants of labor supply and labor demand and how they match and finally reach an equilibrium. This also implies studying the design and effects of policy interventions in order to combat inefficiencies.

II. Wage formation

4. Human capital formation
5. Compensating wage differentials
6. Discrimination
7. Wage structure and inequality

The objective of the second part to investigate the different determinants of wages and to understand the reasons (justified or unjustified) why some people earn more than others.

III. Unemployment

The third and last part of the lecture deals with one of the biggest challenges to policy makers: unemployment.

The empirical part will start with an introduction to empirical economic analysis, continue with a representation of one the most popular statistical softwares for empirical economic analysis (STATA) and then go on to familiarize the students with the main empirical methods used in modern labor economics (e.g. multivariate regression analysis, difference-in-differences analysis, regression discontinuity design, experimental approach). This will be taught using well published papers dealing with questions strongly tied to the topics taught during the lectures. The focus will not lie on the econometric theory but rather on the beauty of these methods to provide answers to policy questions.

Objective

Participants should be acquainted with the core models of modern labor economics and dominate the basic methods of modern empirical economic analysis..

Literature

Main reference for the lecture is Borjas, G.J. (2016): "Labor Economics", 7th edition, McGraw-Hill. Basis for the empirical part are well-published economic articles which will be published on Wue Campus in due course.

Examination

Written exam (60 min.) which will contain questions on the theoretical part and empirical part.

Prerequisites

Basic knowledge in microeconomics and econometrics is desirable.

Dates

The lecture will take place on Wednesdays 2-4pm in lecture hall 413 and the exercise class will take place in three groups – note that there are limited PCs available in the computer lab – Wednesday 4-6pm and Thursdays 12-2pm as well as 2-4pm in the CIP Pool (409). Depending on demand the offer of exercise sessions will be reduced after a couple of weeks.