Course Description:

This course gives you an overview of the field of labor economics. We will cover a range of topics including the analysis of labor supply, human capital accumulation and migration decisions as well as a variety of other topics related to cultural economics and labor market discrimination. The course will have a significant empirical component and survey some of the major issues in applied modern research.

The course will be delivered through 4 weeks (90 minutes twice per week during). Slides to follow the lectures will be provided each week. There is no single textbook that covers the material for the entire course; rather there are various textbooks, listed in the reading list, that focus on particular sections of the course.

Evaluation:

The grade will be based on a final exam (50%) and one class presentation (20%) and written critical discussion (30%) of one paper related to any of the topics covered during the course. In this critical discussion, students should: (a) summarize the article, including its motivation, theoretical framework, econometric methods used and main results; (b) critically assess the contribution of the paper; including the strengths and weaknesses of the paper's approach, methods and data used, and whether the paper addresses an important issue and assessment of how convincing are the findings of the paper; (c) propose feasible and attractive extensions of the article. This assessment should be between 8-10 pages in length. You should discuss with me the paper you wish to study at the end of the second week of the course. You can choose one of the papers in the list below (“Papers for Presentation”). The class presentation will be during the last week of the course and the submission of the written discussion is due at the end of the exam period.
Outline:

**Topic 1: Labor Supply and the Allocation of Time**
1.1 Facts about the Labor Supply
1.2 The Neoclassical Theory of Labor Supply
1.3 Policy Applications
1.4 Empirical Aspects of Labor Supply

**Topic 2: Education and Human Capital**
2.1 Some stylized facts
2.2 The Theory of Human Capital: From the model to estimates
2.3 Evaluation of the Returns to Education
   2.3.1 A model of the effects of Education on Earnings
   2.3.2 Identifying the Causal Effect of Education
   2.3.3 A review of recent empirical studies

**Topic 3: Immigration Economics**
3.1 Introduction
3.2 Immigrant Performance in the host country: Assimilation and Cohort Effects
3.3 The Decision to Immigrate: The Roy Model
3.4 Immigration and the host country’s economy: A simple model and Empirical Evidence

**Topic 4: Race and Gender in the Labor Market**
4.1 Differences in labor market outcomes and background characteristics
4.2 Theories of Marked Discrimination
4.3 Empirical approach: Direct and Indirect Evidence

**Reading list:**

**Books:**
Papers for Presentations:

**Topic 1:**

**Topic 2:**

**Topic 3:**

**Topic 4:**
References:

Topic 1:
- Cahuc & Zylberberg, Labour Economics, 2004 (Chapter 1)

Topic 2:
- Kane, T. and C.E. Rouse (1993): “Labor Market returns to two- and four-year colleges: is a credit a credit and do degrees matter?”, NBER working paper 4268

**Topic 3:**

**Topic 4:**
Illustrative topics might include: Productivity; labour supply (static and dynamic); labour demand (the individual firm and industry labour demand, application: the effect of the minimum wage on labour demand), retirement. Human capital: the basic human capital model, estimating returns to education; human capital versus signalling; education production functions; peer effects; training.

Labour economics seeks to understand the functioning and dynamics of the markets for wage labour. Labour is a commodity that is supplied by labourers in exchange for a wage paid by demanding firms. Because these labourers exist as parts of a social, institutional, or political system, labour economics is often regarded as a sociology or political science. Labour markets or job markets function through the interaction of workers and employers. Labour economics looks at the suppliers of labour services