

## Topics in applied economics (A)

Academic Year: ( 2019 / 2020 )

Review date: 13-05-2020

Department assigned to the subject: Economics Department

Coordinating teacher: STUHLER , JAN LEONARD

Type: Electives ECTS Credits : 4.0

Year : 2 Semester : 2

## REQUIREMENTS (SUBJECTS THAT ARE ASSUMED TO BE KNOWN)

Applied Economics

## OBJECTIVES

Courses on labor economics typically fall into one of two categories. The "classic" format covers the basic components and models of the labor market, with applications that appear directly relevant for policy (such as minimum wages or active labor market policies). The alternative is the ¿topics¿ format, which puts more emphasis on empirical research in the discipline. A bewildering range of subjects are considered part of labor economics, perhaps because (i) every question can be related to labor and human capital (Blinder, 1974), and (ii) labor economists were involved in lots of the pioneering work in applied microeconometrics. But while exciting, a topics-based course might provide little systematic knowledge about the functioning of labor markets.

This course therefore attempts to bridge the two formats. The first part covers fundamental aspects of the labor market. We start with basic models of labor supply and demand, and empirical work on its central parameters from a micro and macro perspective. We then study different types of market failures and frictions. The other parts of the course are structured around a number of key empirical literatures. We first review research on inequality, from an individual, firm and intergenerational perspective. We then cover causal evidence on how labor markets adjust to shocks. Particular emphasis will be on the benefits and limitations of the "area approach", which has become the dominant approach to causal identification in many applied literatures.

## DESCRIPTION OF CONTENTS: PROGRAMME

1. Foundations (up to 4 weeks)
  - (a) Static and Intertemporal Labor Supply
  - (b) Human Capital
  - (c) Static and Dynamic Labor Demand
  - (d) Gender, Race, and Discrimination
  - (e) Equilibrium Search and Monopsony Models
2. Inequality and Intergenerational Mobility (2 weeks)
  - (a) Income Inequality, Polarization, and Technological Change
  - (b) Intergenerational Mobility
3. The Functioning of (Local) Labor Markets (up to 4 weeks)
  - (a) Area Approach. Shift-Share Instrumental Variables.
  - (b) Labor Supply Shocks and Immigration
  - (c) Labor Demand Shocks and Recessions

(d) Employment Protection and Regulation

(e) Trade and Labor Markets, Local Fiscal Multipliers, and other applications.

#### LEARNING ACTIVITIES AND METHODOLOGY

You will answer two problem sets, which count for 10% of the grade each. The rest of your grade is determined by the final exam (60%) and a presentation (20%). Class participation will be the combination of regular participation and a short presentation of a paper from the syllabus. Extra grade will be given to students that critically assess the results of the paper, and/or are able to put it into its wider context.

#### ASSESSMENT SYSTEM

You will answer two problem sets, which count for 10% of the grade each. The rest of your grade is determined by the final exam (60%) and a presentation (20%). Class participation will be the combination of regular participation and a short presentation of a paper from the syllabus. Extra grade will be given to students that critically assess the results of the paper, and/or are able to put it into its wider context.

<b>% end-of-term-examination:</b>	60
<b>% of continuous assessment (assignments, laboratory, practicals...):</b>	40

#### BASIC BIBLIOGRAPHY

- Cahuc, Carcillo and Zylberberg Labor Economics, MIT Press, 2014 (or previous)