

Academic Year: (2023 / 2024)

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Department assigned to the subject: Economics Department

Coordinating teacher: STUHLER , JAN LEONARD

Type: Electives ECTS Credits : 4.0

Year : 2 Semester : 2

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 some of the pioneering work in causal empirical research. 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, with a focus on search frictions and monopsony. The other parts of the course are structured around 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
 - (c) Multigenerational Mobility
 - (d) Inequality and Firms
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.

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ASSESSMENT SYSTEM

The grade is determined by a presentation and class participation (40%) and either a final exam or a research proposal (60%). You will also answer two problem sets.