

19E034

Labor Economics

Term 3 - 6 ECTS

Elective Course

Prof. Joan Monràs

Prerequisites to Enroll

I will assume a good knowledge of microeconomics and standard applied micro empirical methods. I expect active participation in the classroom.

Overview and Objectives

This course is an introduction to various topics in labor economics. We will start by discussing models of labor supply and labor demand, and the determinants of the market equilibrium. We will then analyse imperfections in the labor market, market failures, and inequality -- all potential reasons for public policy intervention. Throughout we will introduce methods for the evaluation of public policies, and we will combine theory with empirical evidence related to labor markets – with an emphasis in local labor markets, urban settings, and spatial economics.

Course Outline

Note: There may be some modifications before the start of the course.

Introduction

- Basic Definitions
- Stylized facts:
 - Employment and Unemployment
 - Income and Wages
 - Income and Wealth Inequality
 - Regional and Urban Inequalities
- What is the labor market?

References: Carrington, JPE (1996), Piketty, (2014), Katz and Murphy, QJE (1992), Goldin and Katz (2008), Piketty and Zucman, QJE (2014), Kopczuk et. al., QJE (2010), Acemoglu and Autor, Handbook Chapter (2011)

Labor Supply

- 1) Static Labor Supply
- 2) Dynamic Labor Supply: The Life-Cycle Model
- 3) Labor Supply and Spatial Economics

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References: Card and Hyslop, ECMA (2005), Blundell et. al., ECMA (1998), Blundell et. al., Handbook Chapter (1999), Saez, AEJ: EP (2010), Kleven, Annual Review of Economics (2016), Fehr et. al. AER (2007), Farber, JPE (2005), Topel, JPE (1986), Blanchard and Katz, Brookings Papers (1992), Monras, CEPR WP (2018).

Labor Demand

- 1) Labor Demand
- 2) Identification of the Labor Demand:
 - a) Immigration Economics
 - b) Minimum wages
- 3) Labor Demand and Spatial Economics

References:

Immigration: Card, ILRR (1990), Card, JoLE (2001), Borjas, QJE (2003), Borjas and Monras, Economic Policy (2017), Dustmann et. al., ReStud (2013), Dustmann et. al., QJE (2017), Monras, CEPR WP (2018).

Minimum wages: Card and Krueger, AER (1994), Neumark and Wascher, AER (2000), Dube et. al., NBER WP (2018), Monras, JoLE (2018), Freyaldenhoven, Hansen, and Shapiro, NBER WP (2018).

Labor Demand and Spatial Economics: Moretti, AEJ: Applied (2013).

Perfect Competition and Labor Markets

- Price-taking behavior
- Market Equilibrium
- Welfare and the labor market
- Compensating wage differentials

References: Borjas, QJE (2013), Hsieh and Moretti, (2018), Acemoglu et. al., JPE (2004), Card and Lemieux, AER (2001), Mas and Pallais, AER (2018).

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Labor Market Failures and Frictions

- Frictions in the labor market
 - Search and matching frictions
 - Unemployment
 - Evaluation of Active Labor Market Programs

References: Davis and von Wachter, Brookings Papers (2011), Oreopoulos et. al., AEJ: Applied (2012), Jarosch, WP (2018), Lange, et. al., QJE (2013), Jarosch and Pilossoph, WP (2018).

Human Capital

- The mincerian equation
- Estimation of the returns to schooling
- Social returns to Schooling

References: Angrist and Krueger, QJE, (1991), Card, Handbook Chapter (1999), Duflo, AER (2001), Oreopoulos, AER (2006), Angrist et. al., ECMA (2014).

Inequality

- The race between Education and Technology
- International Trade, Immigration and Inequality
- Spatial inequalities and place based policies
- Discrimination

References: Katz and Murphy, QJE (1992), Acemoglu and Autor, Handbook Chapter (2011), Autor et. al., AER (2013), Caliendo et. al., (2018), Moretti et. al., QJE (2014), Katz et. al., QJE (2001), Chetty et. al., AER (2016), Bertrand et. al., AER (2004).

Required Activities

- Writing a referee report
- Reading papers

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- Preparing for the final exam

Evaluation

Students will be assessed based on two referee reports (66 percent), and a take home exam (33 percent).

Competences

- Capacity of utilization of the theoretical instruments of the to analyze situations of coherent form.
- Ability to use the appropriate (statistical and numerical) techniques.
- Ability to make independent judgments and defend them dialectically.
- Ability to write formal reports.
- Acquire a solid knowledge base for the study of quantitative issues.
- Ability to Recognize and know how to use the principles of econometrics and statistics.
- Ability to work with microeconomic analysis tools and their empirical and theoretical applications.

Learning Outcomes

- Students should get an overview of economic and financial theory.
- Students must be able to recognize theories and present arguments with precise examples.
- Students will have the ability to understand how markets work and explain their weaknesses.
- Students will know what the appropriate inference for each situation is.