

**Topics in Applied Economics III:
Labor Economics I**

**2018-2019 Academic Year
Master of Research in Economics, Finance and Management**

1. Description of the subject

- Topics in Applied Economics III
 - Total credits: 3 ECTS
 - Type of subject: Optative
 - Department of Economics and Business
 - Teaching team: Joan Monràs
- Code: 32088
Workload: 75 hours
Term: 3rd

2. Teaching guide

• Introduction

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. We will conclude by introducing methods for the evaluation of public policies. Throughout the course we will combine theory with empirical evidence related to labor markets – with an emphasis in local labor markets, urban settings, and spatial economics.

This is the first course of the sequence in Labor Economics. The course “Topics in Applied Economics IV: Labor Economics II” is a natural extension of this course. They are designed to be taken together, although it is not a requirement.

• Contents

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

- Static Labor Supply
- Dynamic Labor Supply: The Life-Cycle Model
- Labor Supply and Spatial Economics

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

- Labor Demand
- Identification of the Labor Demand:
 - Immigration Economics
 - Minimum wages
- 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 (20013), Hsieh and Moretti, (2018), Acemoglu et. al., JPE (2004), Card and Lemieux, AER (2001), Mas and Pallais, AER (2018).

🔗 Teaching methodology

Students are expected to read research papers in preparation for the class and to actively participate in class discussions. We will follow slides based mostly on current or recent research.

🔗 Assessment

Students will be assessed based on class participation and an extended referee report. The extended referee report will consist on refereeing one paper (in the list of papers provided in this syllabus), and then propose new research lines related to the paper.

• **Grading system**

0-10:

0-4.5	Fail	
5-6	C	
6.5-7.5		B
8-9	A	
9.5-10	A+	