

Labour Economics

2023-2024 Academic Year

Master of Research in Economics, Finance and Management

1. Description of the subject

- Labour Economics Code: 31605
- Total credits: 6 ECTS Workload: 150 hours
- Term: 3rd
- Type of subject: Optative
- Department of Economics and Business
- Teaching Team: Joan Monràs

This course is a graduate level 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. Throughout we will combine reduced form, theory, and structural methods. We will put an emphasis on local labor markets, urban settings, and spatial economics.

2. Teaching guide

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

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).

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).

Labor Market Failures and Frictions

- Frictions in the labor market
 - Market power
 - 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, ECTA (2023), Lange, et. al., QJE (2013), Jarosch and Pilossoph, ReStud (2019).

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).

Assessment and Grading System

There will be one problem set (25%), a choice between a referee report or a research project plan (25%), and a final exam (50%).