# Labor economics

## Prof. Claudio Lucifora

***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

The aim of this course is to acquaint students with advanced topics in labor economics. The methodological approach of the course is both directed to the theoretical implication of economic problems, as well as their empirical applications.

The course is designed, first, to strengthen students' ability to understand and analyze the fundamentals of economic problems. Second, the strong focus on empirical applications and methods will give students an opportunity to improve their analytical skills. Third, students will be able to develop independent research interests. Fourth, the work done in the tutorials and during the Lab session will endow students with specific skills in coding and econometric applications to microdata. Fifth, the organization of seminars and oral presentation of key papers will strongly improve students’ communication skills through both.

***COURSE CONTENT***

The first part of the course mainly focuses on the competitive approach to labor economics, while the second part deals with market failures and institutions.

*Competitive equilibrium*

– Labor supply and labor demand in competitive settings.

– Technological progress, robots, AI and labor demand.

– Long-term equilibrium and efficiency.

*Wage determination and compensating differentials*

– Hedonic theory and compensating wage differentials.

– Theories of discrimination.

– Empirical evidence.

*Education and Human Capital*

– The theory of human capital. Signaling and education.

– Evaluations of the returns to education.

*Labor market institutions*

– Unions and collective bargaining.

– Employment protection legislation.

– Statutory minimum wage laws.

*Empirical methods in economics*

– Empirical applications in labor economics.

– Differences-in-differences and Regression discontinuity design.

***READING LIST***

P. Cahuc-S. Carcillo-A. Zylberberg, *Labor Economics,* Cambridge, Mass. and London: MIT Press, 2014 (second edition). Also see: [*http://www.labor-economics.org/*](http://www.labor-economics.org/)*.*

Additional readings based on journal articles are an integral part of the course. The full list will be given during the classes and posted on the course website on Blackboard.

***TEACHING METHOD***

The course is structured in lectures and tutorials. *Lectures* concern the presentation of economic problems and empirical applications to labour market issues; *tutorials* deal with the presentation of both empirical methods, as well as journal articles on selected topics. *Laboratory sessions* teach students to use econometric techniques (at the computer) using both micro-data and software packages. The students will be given assignements throughout the course and asked to work on a course *Project*. Presentations of journal articles are an integral part of the course. The course will also discusses present times controversies in labour economics and presents the policy options that are in the agenda of National Governments in Europe and the US.

***ASSESSMENT METHOD AND CRITERIA***

Student will be assessed as follows:

*Mid-term assignements* and *final written exam*, with open questions covering both analytical models and empirical methods. The student is expected to show his/her understanding of the subject. This contributes to 70 percent of the final mark.

An *empirical project* involving replication or extension of published work (reading lists, data sets, and a selection of topics will be circulated). This contributes to 20 percent of the final mark.

*Presentation* of journal articles. This will contribute to 10 percent of the final mark.

In case the assesment takes place on-line there will also be an oral exam to complement the written test.

***NOTES AND PREREQUISITES***

Prerequisites for this course include: intermediate microeconomics, mathematics, statistics. Additional information will be posted on Blackboard. All the course’s materials, assignements, multimedia podcasts and videos are posted and downloadable on the dedicated Blackboard *Labor Economics* section.