

LABOR AND PUBLIC ECONOMICS I

	<i>Lecturer</i>	<i>Teaching Assistant</i>
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course web	http://home.cerge-ei.cz/munich/labor06/Cours.htm	
Office hours	Mo and Fri 2-4pm	Tba

Course information

Detailed information about the course is available at

<http://home.cerge-ei.cz/munich/labor06/Cours.htm>

The course is the first in a two-semester sequence. The course will focus on topics of static and dynamic labor supply (including issues of migration and unemployment), on human capital and other models of wage structures. Some attention will be devoted to labor demand issues and aggregate labor market models. The course will combine labor market theories, empirical evidence and methodologies of empirical approaches of standard econometrics tools. Attention will be also given to related public policies.

The course has three major goals i) to guide students through current theoretical and empirical understanding of major labor market and policy issues, ii) to provide guidance to student's own empirical research, iii) to make students familiar with common research resources, standards and approaches in the field.

The necessary prerequisite for the course is to understand principles of microeconomic theory and econometrics from the 1st year.

Course outline

LABOR SUPPLY

- Key terms and the framework.
- Static model of labor supply, non-linear price lines, participation, overtime work, rationing, taxes and transfer schemes.
- Home production, interpersonal transfers and earnings within families, allocation of (non)market time.
- Labor supply over the life-cycle: Theory and evidence.
- Aggregate models of labor supply.
- Labor supply over the business cycle.
- Labor force participation, taxes and selection bias.
- Further evidence and estimation approaches.
- Models of labor market matching and unemployment duration.
- Migration.

MODELS OF WAGE STRUCTURES

- Basic human capital models, investment in schooling, on the job training, alternative interpretations.
- Further evidence on the on-the-job training and tenure, general and specific human capital.
- Estimation approaches.
- Schooling, education, and skills: demand, supply, and quality.
- Gender wage differences, income distribution and growth.
- Turnover, search, compensating wage differentials, the supply of effort.
- Wage curve.

LABOR DEMAND

- Fundamental framework of static labor demand.

Requirements and grading

Grades will be based on student's performance in the final exam (40%), ~2 empirical assignments (35%), and a term-paper *critically* reviewing selected area of research in the field (25%). The aim of empirical assignments is to make students familiar with standards of data management practices and of empirical econometric analysis (using statistical package Stata). The term-paper should be a ~5 pages long critical literature review containing own critical opinions. Exercise session will be scheduled irregularly and announced on Monday each week.

Details about assignments, exercise sessions, handouts etc. will be posted regularly at <http://home.cerge-ei.cz/munich/labor06/Cours.htm>.

Mandatory readings

- Selected chapters from
 - HBLE = Handbooks of Labor Economics, Amsterdam: Elsevier Science Publishers.
 - LE = Cahuc and Zylberberg: Labor Economics, The MIT Press.
- Selected papers from a reading list will be available either as PDFs or in Xerox copies.

Useful references

- For easy introduction to each topic, students are advised to read topics in:
 - BORJAS = G. Borjas, Labor Economics.
 - EWP = Filer et al., The Economics of Work and Pay.
- Mincer, Jacob: Schooling Experience and Earnings.
- Wooldridge, Jeffrey: Introductory Econometrics, 2nd ed.
- Berndt, Ernst: The Practice of Econometrics, 1991, Pearson Education.
- STATAr = Stata Reference Manual.
- STATAg = Stata User's Guide.
- Kennedy, Peter: A Guide to Econometrics, Blackwell, 5th edition.

Reading list

Available will be extended reference list to select papers according to the topic of term-paper chosen by individual students

<http://www.cerge-ei.cz/internal/general/facilities/library/reading/readings.asp>