

LABOR ECONOMICS

Lecturers:

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office hours: Tue & Thu 2:00 – 4:00 pm (and anytime if doors are open)

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Teaching assistant:

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Course information

The course will provide fundamental understanding of stylized labor supply and labor supply models in static and dynamic version, models of wage determination and of firm behavior. The course will combine theoretical concepts, empirical evidence and methodologies of empirical approaches including use of econometrics tools. Debates about links to public policy designs and policy experience will be encouraged.

The course has three major goals (i) to guide students through current theoretical and empirical understanding of major labor market 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. Throughout the topics, references will be made to empirical approaches (data and techniques econometric / identification approaches).

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

Course outline

LABOR SUPPLY

- Key terms, framework, resources (DM)
- Static model of labor supply, non-linear price lines, participation, overtime work rationing, taxes and transfer schemes (DM)
- Home production, interpersonal transfers and earnings within families, allocation of (non)market time (DM)
- Labor supply over business and life-cycle (DM)

MODELS OF WAGE STRUCTURES

- Human capital model (DM)
- Differentials on labor markets by gender and ethnicity, compensating wage differentials, discrimination (MP)
- Changes in wage structures, income inequality (MP)
- Job turnover, matching and search, unemployment duration (DM)

LABOR DEMAND

- Static and dynamic labor demand (DM)
- Theory of firm (standard, state owned, coops, labor managed) (DM)
- Minimum wages; unions; bargaining, wages and employment (MP)
- Pay and productivity, efficiency wages, ownership (MP)
- Effects of international trade and foreign direct investment (MP)

LABOR MARKETS ISSUES

- International migration (MP)
- Impacts of workforce diversity on firms (MP)

Requirements and grading

Grades will be based on student's performance in midterm exam (20%), final exam (45%), a term paper (20%) and empirical assignment (15%).

The aim of empirical assignments is to make students familiar with empirical econometric analysis (using statistical package Stata) using real empirical data and estimating selected models.

The term-paper should be a ~15 000 characters (~5 pages max) long, coherent and carefully crafted critical literature review (own critical insight!) on a topic of student's choice. Details about assignments, exercise sessions, handouts etc. will be posted in advance.

Irregular exercise sessions will be scheduled irregularly and announced in advance.

Course materials (ex-ante and ex-post) will be made available via course web page at <http://home.cerge-ei.cz/munich/labor13/>

Readings

Selected chapters from:

HBLE (Handbook of Labor Economics, Vol. 1, 2, 3, 4A, 4B, Edited by O. Ashenfelter, R. Layard and D. Card, Elsevier) at <http://econpapers.repec.org/bookchap/eeelabhes/>

George J. BORJAS: "The Economic Analysis of Immigration", In: Handbook of Labor Economics, Volume 3, Edited by O. Ashenfelter and D. Card (1999); Chapter 28, Elsevier Science B. V.

Hamermesh, Daniel S. and Albert Rees (1984) "The Economics of Work and Pay"

Hamermesh, Daniel S. (1993), "Labor Demand" (Princeton University Press)

Auxiliary reference texts:

Econometric Analysis of Cross Section and Panel Data, [W], Jeffrey M. Wooldridge, MIT Press, 2002

Econometrics Analysis, [G], William H. Greene

Analysis of Panel Data, [H], Cheng Hsiao, Cambridge U. Press, 1986