

### **Syllabus**

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<b>Language of Instruction:</b>	English
<b>Total Number of Credits (ECTS):</b>	3
<b>Office Hours:</b>	Thursdays 15:00-16:30 and by appointment. CERGE-EI (Politických veznu 7) room #442

#### **Textbooks:**

G. Borjas (2005), Labor Economics.

Ehrenberg, R., Smith, R. (2009), Modern Labor Economics: Theory and Public Policy.

Additional readings/materials will be distributed in class and posted on my webpage. (See tentative list on p. 3)

#### **Course Description:**

This is a one semester course for undergraduate students. The course focuses on the topics of labor supply and demand, human capital, labor unions, discrimination, employment contracting and personnel economics. The applications of economic theory to policy designs and policy experience will be encouraged. Moreover, we will review basic econometrics and survey some of the major empirical issues in labor economics.

#### **Workload:**

The total workload for the Labor Economics course is 3 ECTS with the following distribution:

Participation in lectures	26 hrs
Preparation for lectures (including preparation for in-class quizzes)	13 hrs
Preparation for mid-term exam	13 hrs
Preparation for final exam	26 hrs
<b>Total</b>	<b>78 h</b>

**Attendance:** Your presence in class is **STRONGLY ADVISED**. Whereas I do not have a strict attendance policy, I expect you to respect this course and my time by making a concerted effort to come to class every week.

**Course Outline** (subject to change with prior notification):

1. Introduction: Overview of the Labor Market (Borjas, 3e, Ch.1)
2. Labor Supply (B., Ch.2, 3)
3. Labor Demand (B., Ch.4)
4. Labor Market Equilibrium (B., Ch.5)
5. Compensating Wage Differentials, Human Capital (B., Ch.6, 7)
6. Labor Mobility (B., Ch.9)

Midterm

8. Labor Market Discrimination (B., Ch.10)
9. Labor Unions and Collective Bargaining (B., Ch.11)
10. Labor Market Contracts and Work Incentives (B., Ch.12)
11. Unemployment (B., Ch.13, 12.5)
12. Labor Markets in Transition Handouts
13. Labor Markets in the EU / Flexicurity Handouts

**Grading**

There will be every lecture pop-up quizzes, midterm and final exams. Quizzes will be given in order to assess your comprehension of class material. No make-up quizzes will be offered. Cumulative performance on these quizzes will account for 15% of your final grade. Moreover, class participation and other subjective factors will be taken into account (5% of the final grade). Exams will cover the material presented in class and will include multiple choice and short answer questions. It will be closed book, closed notes exams.

If you miss the midterm exam, additional weight will be placed on your final exam. Students who miss an exam need to have a certificate from a medical or legal authority to justify the reason for having missed the exam approved by vice-dean (doc. Ing. Daniel Šťastný). Otherwise a missed exam counts 0 towards the final grade.

The Final Grade is composed of

Lectures	20%
·	Activity 5%
·	Quizzes 15%
Mid-term exam	30%
Final exam	50%
<b>Total</b>	<b>100%</b>

**Academic Integrity**

All students that violate the academic honesty code will receive a failing grade. Academic honesty includes receiving and/or providing unauthorized help from/to other students on exams or quizzes.

## **Tentative list of additional readings by topics:**

### *Overview of the labor market*

Rottenberg, Simon. "On Choice in Labor Markets" *Industrial and Labor Relations Review*, Vol. 9, No. 2 (Jan., 1956), pp. 183-199

### *Labor Supply*

Killingsworth, M. *Labor Supply*, Cambridge, 1983. Chapters 1 and 2.

Pencavel, John. "Labor Supply of Men: A Survey", *Handbook of Labor Economics-I*, Chapter 1.

Killingsworth, M.R. and Heckman, J.J. "Female Labor Supply", *Handbook of Labor Economics-I*, Chapter 2.

### *Labor Demand*

Card, David and Alan B. Krueger. (1994) .Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania,,*American Economic Review*; 84(4), September 1994, pages 772-93.

Card, David and Alen B. Krueger (1995) *Myth and measurement: The new economics of the minimum wage*; Princeton: Princeton University Press, 1995.

### *Compensating wage differentials*

Abowd, J. and Ashenfelter, O. (1981), "Unemployment and Compensating Wage Differentials", in S. Rosen (ed.) *Studies in Labor Markets*, Chicago, NBER, 1981.

Biddle, J. and Zarkin, G. (1988). "Worker preferences and Market Compensation for Job Risks," *Review of Economics and Statistics* 70, 660-667.

Viscusi, W.K. and Hersch, J. (2001) .Cigarette smokers as job risk takers. *Review of Economics and Statistics*; 83(2): 269-280.

### *Human Capital*

Mincer, J., *Schooling, Experience and Earnings*, Columbia University Press, N.Y. Chapters 1-5.

Angrist, Joshua D. (1990) .Lifetime Earnings and the Vietnam Era Draft Lottery: Evidence from Social Security Administrative Records, *American Economic Review*; 80(3), June 1990, pages 313-36.

Angrist, Joshua D. and Alan B. Krueger. (1991) .Does Compulsory School Attendance Affect Schooling and Earnings?. *Quarterly Journal of Economics*; 106(4), November 1991, pages 979-1014.

### *Labor Mobility*

Borjas, G. (1987). Self-selection and Earnings of Immigrants, *American Economic Review*, 77, 531-553.

### *Labor Market Discrimination*

Altonji, J. G. and Blank, R. M. (1999), Race and gender in the labor market, in O. Ashenfelter and D. Card (eds.), *Handbook of Labor Economics (Volume 3, Part 3: Elsevier)*, 3143-259.

Aigner, D. J. and Cain, G. G. (1977), *Statistical Theories of Discrimination in Labor Markets*, *Industrial and Labor Relations Review*, 30 (2), 175-87.

Becker, G. (1971) *The Economics of Discrimination*, 2nd edition, University of Chicago Press.

*Labor Market Contracts and Work Incentives*

Prendergast, Canice. (1999) .The provision of incentives in firms,. *Journal of Economic Literature*; 37(1), March 1999, pages 7-63.

*Labor Markets in Transition*

Svejnar, J.; *Labor Markets in the Transitional Central and East European Economies*, 1999

*Labor Markets in the EU / Flexicurity*

Bertola, G.; *National Labor Market Institutions and the EU Integration Process*; 2004

Bertola, G.; *Social and Labor Market Policies in a Growing EU*; 2006